
APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 6 December 2012. Our Company has established a principal place of business in Hong Kong at 5/F., So Hong Commercial Building, 41, 43, 45 & 47 Jervois Street, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part XI of the predecessor Companies Ordinance on 22 January 2013 as applied prior to 3 March 2014. Mr. Tony Wong and Mr. Ng Sai Cheong have been appointed as the agents of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong at 5/F., So Hong Commercial Building, 41, 43, 45 & 47 Jervois Street, Hong Kong and Flat 7, 8/ F, Block 2, Heng Fa Chuen, Chai Wan, Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution, which comprises a memorandum of association and the Articles. A summary of various parts of the constitution and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Following its incorporation, one subscriber's Share was allotted and issued nil paid to Codan Trust Company (Cayman) Limited, and was transferred to Twilight Treasure at nil consideration on 6 December 2012.

Pursuant to the written resolutions of our sole Shareholder passed on [●], the authorised share capital of our Company was increased from HK\$380,000 to HK\$[20,000,000] by the creation of an additional [1,962,000,000] Shares.

On [●], in consideration of the transfer of the entire share capital of Win Vision from Fortune Decade and Twilight Treasure to our Company, our Company has (i) allotted and issued [533,300] and [466,699] Shares, all credited as fully paid to Fortune Decade and Twilight Treasure respectively; and (ii) credited as fully paid at par the one nil-paid Share held by Twilight Treasure.

Immediately following the [REDACTED] and the Capitalisation Issue, the authorised share capital of our Company will be HK[REDACTED] divided into [REDACTED] Shares and the issued share capital of our Company will be HK\$[REDACTED] divided into [REDACTED] Shares fully paid or credited as fully paid. Save as disclosed in this document, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at a general meeting of the Company, no issue of Shares will be made which would effectively alter the control of our Company.

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Save as disclosed in this document, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of our Shareholders

On [●], resolutions in writing were passed by our sole Shareholder pursuant to which, among other matters:

- (a) our Company approved and adopted the Articles, the terms of which are summarised in Appendix III to this document;
- (b) our Company approved an increase of the authorised share capital of our Company from HK\$380,000 divided into 38,000,000 Shares to HK\$[20,000,000] divided into [2,000,000,000] Shares by creation of an additional [1,962,000,000] Shares;
- (c) our Company approved the acquisition of the entire issued share capital of Win Vision from Twilight Treasure and Fortune Decade (i) by allotment and issue of [466,699] and [533,300] new Shares, all credited as fully paid to Twilight Treasure and Fortune Decade as consideration shares respectively and (ii) by crediting one nil paid Share which was transferred to Twilight Treasure by Codan Trust Company (Cayman) Limited on 6 December 2012 as fully paid at par;
- (d) conditional on (i) the GEM Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise:
 - (i) the [REDACTED] was approved and our Directors were authorised to allot and issue the [REDACTED] Shares pursuant to the [REDACTED];
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Summary of the terms of the Share Option Scheme" in the subsection headed "Share Option Scheme" of this Appendix, were approved and adopted and our Directors were authorised, among others, to grant options to subscribe, for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise an amount of HK\$[8,390,000] standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par [839,000,000] Shares for allotment and issue to our Shareholders whose name appear on the

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register of members of our Company at close of business of [●], and our Directors were authorised to give effect to such capitalisation and distribution;

- (iv) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of (a) rights issue; or (b) the exercise of any of the subscription rights attaching to any options granted under the Share Option Scheme; or (c) any scrip dividend schemes or similar arrangements in accordance with the Articles, or under the [REDACTED] or the Capitalisation Issue, Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the Capitalisation Issue; and (bb) the nominal amount of the share capital of our Company repurchased by our Company pursuant to the authority granted to our Directors as referred in paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first;
- (v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (vi) the general unconditional mandate as mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate nominal amount of the Shares which may be allotted, issued or dealt with by our Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the Shares in the capital of our Company repurchased by our Company pursuant to the mandate to repurchase shares referred to in subparagraph (v) above.

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4. Corporate reorganisation

The companies comprising our Group underwent a corporate reorganisation to rationalise our Group's structure in preparation for the listing of the Shares on the GEM which involved the following:

- (a) incorporation of Win Vision on 10 August 2012 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, of which 10,000 shares were allotted and issued, as to 3 shares to Fortune Decade and as to 9,997 shares to Twilight Treasure on 8 October 2012;
- (b) incorporation of our Company on 6 December 2012 in the Cayman Islands and transfer of one nil-paid Share from Codan Trust Company (Cayman) Limited to Twilight Treasure at nil consideration on the same date;
- (c) acquisition of the entire issued share capital of Kwan On by Win Vision from KOCHL and Newtollent on [●] in consideration of the allotment and issue of [2] ordinary shares of Win Vision of US\$1.00 each, all credited as fully paid up, to Twilight Treasure at the directions of the respective vendors;
- (d) acquisition of the entire issued share capital of UEL by Win Vision from Mr. Tony Wong, Mr. Kwong and Fortune Peace on [●] in consideration of the allotment and issue of [3] ordinary shares of Win Vision of US\$1.00 each, all credited as fully paid up, to Twilight Treasure at the directions of the respective vendors;
- (e) acquisition of the entire issued share capital of UECL by Win Vision from Mr. Tony Wong, Fortune Peace and Garwealth on [●] in consideration of the allotment and issue of [3] ordinary shares of Win Vision of US\$1.00 each, all credited as fully paid up, to Twilight Treasure at the directions of the respective vendors;
- (f) acquisition of the entire issued share capital of UEWL by Win Vision from Bridge Land and Mr. Kwong on [●] in consideration of the allotment and issue of [2] ordinary shares of Win Vision of US\$1.00 each, all credited as fully paid up, to Twilight Treasure at the directions of the respective vendors;
- (g) acquisition of the entire issued share capital of UBCL by Win Vision from Mr. Tony Wong on [●] in consideration of the allotment and issue of [1] ordinary share of Win Vision of US\$1.00, credited as fully paid up, to Fortune Decade at the direction of Mr. Tony Wong;

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- (h) acquisition of the entire issued share capital of UCRL by Win Vision from Mr. Tony Wong and Ms. Chiu on [●] in consideration of the allotment and issue of [2] ordinary shares of Win Vision of US\$1.00 each, all credited as fully paid up, to Twilight Treasure at the directions of the respective vendors;
- (i) acquisition of the entire issued share capital of UFCL by Win Vision from Mr. Tony Wong on [●] in consideration of the allotment and issue of [1] ordinary share of Win Vision of US\$1.00, credited as fully paid up, to Fortune Decade at the direction of Mr. Tony Wong;
- (j) on [●], the authorised share capital of our Company was increased from HK\$380,000 to HK\$[20,000,000] by the creation of an additional [1,962,000,000] Shares; and
- (k) acquisition of the entire issued share capital of Win Vision by our Company from Twilight Treasure and Fortune Decade on [●] in consideration of (i) the allotment and issue of [466,699] and [533,300] Shares, all credited as fully paid up, to Twilight Treasure and Fortune Decade respectively and (ii) the crediting as fully paid at par the one nil-paid Share held by Twilight Treasure.

5. Changes in the share capital of each of the subsidiaries of our Company

Each of the subsidiaries of our Company is listed in the accountant's report set out in Appendix I to this document.

Except the Shares of each of UECL, UEL, UFCL, Kwan On, UCRL, UBCL and UEWL have ceased to have any nominal value with effect from 3 March 2014, there has not been any alteration in the share capital of each of our Company's subsidiaries took place during the two years immediately preceding the date of this document.

6. Repurchase by our Company of its own securities

This section contains information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of its own securities.

(A) Provisions of the GEM Listing Rules

The GEM Listing Rules permit a company listed on GEM to repurchase its securities on GEM subject to certain restrictions, the more important of which are summarised below:

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(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on GEM must be approved in advance by an ordinary resolution of our Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by our sole Shareholder on [●], a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors authorising any repurchase by our Company of Shares on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company immediately following completion of the [REDACTED], such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with a company’s constitutive documents and the laws of the jurisdiction in which our Company is incorporated or otherwise established. A listed company may not purchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Cayman Islands laws, any repurchases by our Company may be made out of profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of profits or the share premium account of our Company or, subject to the Companies Law, out of capital.

(B) Reasons for repurchases

Our Directors believe that it is in the best interest of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(C) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Articles and the applicable laws of Hong Kong.

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On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after the listing of the Shares, would result in up to [REDACTED] Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(D) General

None of our Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Hong Kong.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of our Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No core connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this document and are or may be material in relation to the business of our Group taken as a whole:—

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- (a) the share purchase agreement dated [●] entered into between our Company as purchaser and Twilight Treasure and Fortune Decade as vendors pursuant to which our Company agreed to purchase from Twilight Treasure and Fortune Decade the entire issued share capital of Win Vision and in return our Company (i) allotted and issued [533,300] and [466,699] Shares to Fortune Decade and Twilight Treasure respectively, credited as fully paid and (ii) credited as fully paid at par the one nil-paid Share held by Twilight Treasure;
- (b) the share purchase agreement dated [●] entered into between Win Vision, as the purchaser and Mr. Tony Wong, Mr. Kwong, Fortune Peace, Garwealth, Newtollent, Bridge Land, KOCHL and Ms. Chiu, as vendors pursuant to which Win Vision agreed to purchase from Mr. Tony Wong, Mr. Kwong, Fortune Peace, Garwealth, Newtollent, Bridge Land and Ms. Chiu their respective beneficial interests in the issued share capital of Kwan On, UEL, UECL, UEWL, UBCL, UCRL and UFCL and in return Win Vision allotted and issued [2] and [12] shares of Win Vision to Fortune Decade and Twilight Treasure respectively, credited as fully paid;
- (c) the Deed of Non-competition dated [●] executed by our Controlling Shareholders in favour of our Company, details of which are set out in the paragraph headed “Deed of Non-competition” under the subsection headed “Competition” of the section headed “Controlling Shareholders” of this document;
- (d) the Underwriting Agreement, the principal terms of which are summarised in the subsection headed “Underwriting arrangements and expenses” under the section headed “Underwriting” of this document; and
- (e) the Deed of Indemnity dated [●] executed by the Indemnifiers whereby the Indemnifiers agreed to give certain indemnities in relation to tax and other matters including jointly and severally indemnities set out in the subparagraph headed “Tax and other indemnities” under the subsection headed “Other information” in this Appendix.

C. INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

Trademarks

As at the Latest Practicable Date, our Group was the registered owner of the following trademarks:

| Trademark | Trademark No. | Place of Registration | Name of Owner | Class (Notes) | Date of Registration |
|---|---------------|-----------------------|---------------|-----------------------------------|----------------------|
|  Kwan On Construction Co. Ltd. 坤安建築有限公司 | 302466072 | Hong Kong | Kwan On | 37 ¹ , 42 ² | 13 December 2012 |

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| Trademark | Trademark No. | Place of Registration | Name of Owner | Class (Notes) | Date of Registration |
|---|---------------|-----------------------|---------------|--|----------------------|
|  | 302417670 | Hong Kong | Kwan On | 37 ³ , 42 ² | 29 October 2012 |
|  | 302505014 | Hong Kong | UEL | 9 ⁴ , 19 ⁵ , 37 ⁶ | 24 January 2013 |
|  | 302783638 | Hong Kong | Kwan On | 16 ⁷ | 30 October 2013 |

Notes:

| No. | Class | Specification of Goods/Services in Hong Kong |
|-----|-------|--|
| 1. | 37 | Civil engineering services; construction, maintenance, installation and repair services; construction, renovation, maintenance and repair of waterworks, waterworks engineering; construction, maintenance and repair of service reservoir, pumping station and water main laying; construction, maintenance, restoration and demolition of roads, pavings and drainage and water installations; construction, maintenance, installation and repair of drainage systems, rainwater systems, overflow systems, wastewater collection and treatment systems; site formation, excavation, dredging, ground investigation and improvement; conducting construction of foundation works; landslide prevention, slope stabilization and erosion control, slope and building insulation, slope and embankment design; road works and drainage services; construction of interchange, carriageway, walkway, footpath, access road, covered bridge, link bridge, drainage channel and the associated lighting, drainage, landscaping, utilities diversion and electrical and mechanical works; building construction, foundation, demolition, removal of unauthorised building works, maintenance and repair of buildings and drainage; structural repairs; advisory, consultancy and information services relating to the foregoing. |
| 2. | 42 | Slope and embankment construction design. |
| 3. | 37 | Civil engineering services; construction, maintenance, installation and repair services; construction, renovation, maintenance and repair of waterworks, waterworks engineering; construction, maintenance and repair of service reservoir, pumping station and water main laying; construction, maintenance, restoration and demolition of roads, pavings and drainage and water installations; construction, maintenance, installation and repair of drainage systems, rainwater systems, overflow systems, wastewater collection and treatment systems; site formation, excavation, dredging, ground investigation and improvement; conducting construction of foundation works; landslide prevention, slope stabilization and erosion control, slope and building insulation, road works and drainage services; construction of interchange, carriageway, walkway, footpath, access road, covered bridge, link bridge, drainage channel and the associated lighting, drainage, landscaping, utilities diversion and electrical and mechanical works; building construction, foundation, demolition, removal of unauthorised building works, maintenance and repair of buildings and drainage; structural repairs; structural fire protection and installation; advisory, consultancy and information services relating to the foregoing. |
| 4. | 9 | Fire and smoke curtains (fire protection devices); fire shutters (fire protection devices); apparatus for detecting, extinguishing and suppressing fire; smoke detection apparatus; fire extinguisher. |
| 5. | 19 | Non-metallic transportable buildings; concrete, fire burrs, concrete building elements, fireproof cement coatings; fireproof doors, fire doors; non-metal window shutters, window frames not of metal, non-metal windows and bow windows, non-metal window casements; water pipes not of metal, gutter pipes not of metal, drain pipes not of metal or plastic, branching pipes not of metal and rigid pipes not of metal for building, penstock pipes not of metal, water-pipe valves not of metal or plastic, drain traps not of metal or plastic. |

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| No. | Class | Specification of Goods/Services in Hong Kong |
|-----|-------|--|
| 6. | 37 | General building works; site formation and clearance; demolition works; window inspection; erection of architectural superstructures; civil engineering construction; structural alteration and addition works; interior fitting out service; exterior renovation and repairs; insulation of buildings during construction; sealing of buildings during construction; damp proofing of buildings during construction; concrete repairs; installation of fire protection structure; advisory, consultancy and information services relating to the foregoing. |
| 7. | 16 | Paper, cardboard and goods made from these materials, not included in other classes; printed matter; stationery; printed promotional materials; periodicals, books, magazines, prospectuses, manuals, newsletters, brochures and pamphlets. |

Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

| Registrant | Domain Name | Expiry Date |
|------------|------------------------|-------------------|
| Kwan On | kwanonconstruction.com | 17 September 2015 |

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT AND STAFF

1. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the [REDACTED], but taking no account of any Shares which may be taken up or acquired under the [REDACTED], the persons (other than our Directors or chief executive of our Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of our Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group will be as follows:

| Name | Capacity and nature of interests | Number of shares held or amount of registered capital contributed | Approximate percentage of shareholding effectively held |
|--------------------------------------|------------------------------------|---|---|
| Twilight Treasure (Notes 1 and 2) | Beneficial owner | [REDACTED](L) | [REDACTED] |
| Success Ally (Notes 2 and 3) | Interest of controlled corporation | [REDACTED](L) | [REDACTED] |

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| Name | Capacity and nature of interests | Number of shares held or amount of registered capital contributed | Approximate percentage of shareholding effectively held |
|--|---|--|--|
| Fortune Decade <i>(Notes 1 and 4)</i> | Beneficial owner | [REDACTED](L) | [REDACTED] |
| Ms. Chiu <i>(Note 5)</i> | Interests of spouse | [REDACTED](L) | [REDACTED] |

Notes:

1. The entire issued share capital of our Company is legally and beneficially owned as to approximately [REDACTED] by Fortune Decade and as to approximately [REDACTED] by Twilight Treasure.
2. The entire issued share capital of Twilight Treasure is legally and beneficially owned as to 87.5% by Success Ally and as to 12.5% by Decade Success.
3. The entire issued share capital of Success Ally is legally and beneficially owned by Mr. Tony Wong.
4. The entire issued share capital of Fortune Decade is legally and beneficially owned by Mr. Tony Wong.
5. Ms. Chiu is deemed to be interested in the [REDACTED] Shares held by Mr. Tony Wong pursuant to the SFO by virtue of her being the spouse of Mr. Tony Wong.

The letter “L” denotes a long position in the shareholder’s interest in the share capital of the relevant member of our Group.

2. Interests of Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the [REDACTED] and taking no account any shares which may fall to be allotted and issued or repurchased by our Company pursuant to the mandates as referred to in the section headed “Further information about our Company” in this Appendix, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), which will be required, pursuant to section 352 of the SFO, to be entered in

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the register as referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by to be notified to our Company and the Stock Exchange will be as follows:

| Name | Capacity and nature of interests | Number of shares held or amount of registered capital contributed <i>(Note 1)</i> | Approximate percentage of shareholding effectively held |
|--|-------------------------------------|--|---|
| Mr. Tony Wong <i>(Notes 1 to 3)</i> | Interest of controlled corporation | [REDACTED] (L) | [REDACTED] |
| Mr. Kwong <i>(Notes 2 and 4)</i> | Interests of controlled corporation | [REDACTED] (L) | [REDACTED] |

The letter “L” denotes a long position in the shareholder’s interest in the share capital of the relevant member of our Group.

Notes:

1. The entire issued share capital of our Company is legally and beneficially owned as to approximately [REDACTED] by Fortune Decade and as to approximately [REDACTED] by Twilight Treasure.
2. The entire issued share capital of Twilight Treasure is legally and beneficially owned as to 87.5% by Success Ally and as to 12.5% by Decade Success.
3. The entire issued share capital of Success Ally is legally and beneficially owned by Mr. Tony Wong.
4. The entire issued share capital of Decade Success is legally and beneficially owned by Mr. Kwong.

3. Particulars of Directors’ service contracts and Directors’ remuneration

Particular of service contracts

Each of the executive Directors has entered into a service contract with our Company. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from [●] and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other, which notice shall not expire until after initial fixed term. Each of these executive Directors is entitled to the respective basic salary set out below (subject to an annual increment at the discretion of our Directors of not more than 10% of the annual salary at the time of the relevant review). An executive Director is required to abstain from voting and is not counted in the quorum in respect of any

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resolution of our Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The current annual salaries of the executive Directors are as follows:

| Name | Amount |
|---------------|---------------|
| Mr. Tony Wong | HK\$1,440,000 |
| Mr. Kwong | HK\$1,140,000 |
| Mr. Chung | HK\$840,000 |

Each of the independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors are appointed with an initial term of three years commencing from [●] subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The annual remuneration payable to the independent non-executive Directors under each of the letters of appointment are as follows:

| Name | Amount |
|-----------------------|---------------|
| Ho Ho Ming | HK\$150,000 |
| Lam Sing Kwong, Simon | HK\$150,000 |
| Chan Chung Kik, Lewis | HK\$150,000 |

Save as disclosed above, none of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Remuneration of our Directors

The aggregate remuneration paid by our Group to our Directors in respect of the financial year ended 31 March 2014 was approximately HK\$3,502,000.

Pursuant to the current arrangements, it is estimated that an aggregate amount of HK\$3,582,000 (excluding discretionary bonus, if any) will be paid to our Directors as remuneration for the year ending 31 March 2015.

Our Company's policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, workload and the time devoted to our Group.

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4. Agency fees or commissions

Save as disclosed in this document, within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

5. Related party transaction

For further details in relation to the related party transactions, please refer to Note 26 to the financial statements in the Accountant's Report set out in Appendix I to this document.

6. Disclaimers

Save as disclosed in this document:

- (a) and taking no account of any Shares which may be taken up or acquired under the [REDACTED], our Directors are not aware of any person who will, immediately following the completion of the [REDACTED], have an interest or short position in the Shares or underlying shares of our Company which will have to be notified to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of our Company;
- (b) none of our Directors or chief executive of our Company will have an interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to our Company and the Stock Exchange;
- (c) none of our Directors or the experts named in the paragraph headed "Qualifications of experts" in the subsection headed "Other information" of this Appendix is interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this document acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

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- (d) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in the subsection headed “Other information” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (e) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in the subsection headed “Other information” of this Appendix has any shareholding in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) none of our Directors has any existing or proposed service contracts with our Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (g) no remuneration or other benefits in kind have been paid by our Company to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by our Company to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

E. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board (the “**Eligible Participants**”), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

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(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants.

An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) Price of Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a Business Day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

- (i) The maximum number of Shares in respect of which options may be granted at any time under the Share Option scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10 per cent. of the issued share capital of our Company at the date of approval of the Share Option Scheme. On the basis of a total of [REDACTED] Shares in issue as at the Listing Date, the relevant limit will be [REDACTED] Shares which represent 10% of the issued Shares at the Listing Date. Our Company may seek approval by our

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Shareholders in general meeting to refresh the 10 per cent. limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10 per cent. of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

- (ii) Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the 10 per cent. Limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to our Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.
- (iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30 per cent. of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iv) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent. of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person). Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible

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Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the board of Directors for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by our Directors under the following circumstances:

- (i) after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and

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(ii) during the period commencing one month immediately preceding the earlier of:

(aa) the date of the Board meeting (as such date is first noticed to the Stock Exchange pursuant to Rule 17.48 of the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and

(bb) the deadline for our Company to announce its results for any year, half year or quarter-year period under Rules 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules).

(g) *Rights are personal to grantees*

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) *Rights on ceasing employment*

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of other Directors does not bring the grantee or any member of our Group into disrepute).

(i) *Rights on death*

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is any employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

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(j) Cancellation of options

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders of our Company as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), repurchase, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (excluding any alternation in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors to certify in writing:

- (A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:
 - (aa) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or
 - (bb) the subscription price; and/or
 - (cc) the maximum number of Shares referred to in paragraph d(i); and/or
 - (dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

- (aa) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

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- (bb) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (cc) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (dd) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (ee) to the advantage in any respect of the grantee without specific prior approval of our Shareholders.

- (B) in respect of any such adjustment, other than any made on a capitalisation issue, the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements above.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our

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Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two Business Days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record

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date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alterations to the terms of the Share Option Scheme

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of our Directors except that the following alterations shall require the prior sanction of our Shareholders in general meeting (with all grantees and their close associates abstaining from voting and the votes taken by poll):

- (i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of our Shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

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(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Division granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings of Shares on GEM; and
- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to core connected persons or any of their associates

Each grant of options to any of our Directors, chief executive of our Company or substantial Shareholder or an independent non-executive Director, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of his associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million.

such further grant of options must be approved by our Shareholder. Our Company must send a circular to our Shareholders. All the grantee, his associates and all core connected persons must abstain from voting at such general meeting, except that any of them may vote against the relevant resolution at the general meeting provided that is intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (aa) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of

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the board of Directors for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;

- (bb) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to our independent Shareholders as to voting; and
- (cc) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (h), (i) or (n), where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (o);
- (v) the date on which the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;
- (vi) the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (vii) the date of the commencement of the winding-up of our Company referred to in paragraph (m);
- (viii) the date on which the grantee commits a breach of paragraph (g); or

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(ix) the date on which the option is cancelled by the Board as set out in paragraph (j).

(v) *Termination*

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) *Miscellaneous*

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) *Present status of the Share Option Scheme*

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Share in issue upon completion of the Share Offer. As at the date of this document, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

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F. OTHER INFORMATION

1. Tax and other indemnities

Each of the Indemnifiers, pursuant to the Deed of Indemnity referred to the paragraph headed “Summary of material contracts” under the subsection headed “Further information about the business” of this Appendix, given joint and several indemnities in respect of, among other things, any tax liabilities which might be payable by any member of our Group, Kwan On – China Geo and Kwan On – U-Tech 2 in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date, save:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of our Group for each of the two years ended 31 March 2014 and the six months ended 30 September 2014 as set out in Appendix I to this document;
- (b) to the extent that such taxation or liability would not have arisen but for any act or omission by any of members of our Group and Kwan On – U-Tech 2 voluntarily effected, otherwise than in the ordinary course of business after the Listing Date;
- (c) for which any members of our Group and Kwan On – U-Tech 2 is primarily liable as a result of transactions entered into in the ordinary course of business after the date on which the deed of indemnity becomes unconditional;
- (d) to the extent that such taxation arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof coming into force after the Listing Date or to the extent such taxation or liability arises or is increased by an increase in rates of Taxation or Claim after the date hereof with retrospective effect; and
- (e) to the extent of any provision or reserve made for taxation in the audited accounts of our Group up to 30 September 2014 which is finally established to be an over-provision or an excessive reserve.

Each of the Indemnifiers has jointly and severally indemnified and at all times keep each member of our Group indemnified against all the costs (including legal costs, which shall be indemnified at the time incurred), expenses, losses and/or other liabilities incurred by the members of our Group and Kwan On – U-Tech 2 in relation to those outstanding or unsettled legal and arbitration proceedings, investigations, prosecutions and/or claims including but not limited to those as more particularly described in the paragraph headed “Litigation” below, to the extent that such costs (including legal costs, which shall be indemnified at the time incurred), expenses, losses and/or other liabilities is/are resulting from or by reference to any event or circumstances occurred on or before the date on which the [REDACTED] becomes

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unconditional whether alone or in conjunction with any circumstances whenever occurring exceed the relevant amounts of provisions made by our Company in its audited accounts for the two years ended 31 March 2014 and six months ended 30 September 2014 and are not otherwise indemnified by any other parties under any contractual obligations.

Each of the Indemnifiers further jointly and severally undertakes to indemnify and to keep each member of the Group fully indemnified in respect of any loss, damages, liability, relocation cost and disruption in operation suffered by any of the Group Members as a result of or in connection with the forfeiture of the tenancy under any of lease agreements (the "**Lease Agreements**") entered into by the relevant members of the Group due to any failure of any of the lessors ("**Lessors**") of the affected properties (the "**Affected Properties**") under the Lease Agreements to comply with the requisite procedures (including but not limited to registration or filing of the Lease Agreements with the relevant governmental authorities in Hong Kong) under the applicable laws and regulations in respect of the Lease Agreements and/or any of the Lessors have the right, authority or capacity to grant the tenancy of the Affected Properties under the Lease Agreements or the actual use of any of the Affected Properties does not comply with the permitted use.

Each of the Indemnifiers has also jointly and severally undertaken to indemnify and at all times keep each member of our Group indemnified against any liability for Hong Kong estate duty which might be payable by any member of our Group under or by virtue of the provisions of section 35 and section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any other similar legislations in any relevant jurisdictions outside Hong Kong arising on death of any person at any time by reason of any transfer of any property to any member of our Group on or before the Listing Date, provided that the Indemnifiers will not be liable for any penalty imposed on the members of our Group or any of them under section 42 of the Estate Duty Ordinance by reason of any of the members of our Group defaulting in any obligation arising after the Listing Date to give information to the Commissioner (as defined under the Estate duty Ordinance) under section 42(1) of the Estate Duty Ordinance.

Our Directors have been advised that save as disclosed above, no material liability for estate duty is likely to fall on any member of our Group in such jurisdiction in which our Company comprising our Group is incorporated.

2. Litigation

Save as disclosed below, as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group:

- (i) a Court of First Instance Action (HCCT 4/2006) was commenced by a subcontractor of a subcontractor of Kwan On in January 2006 against Kwan On, and the said subcontractor as other defendant, for a sum of approximately HK\$9.52 million or such sum as is due, allegedly as damages

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for breach of certain oral agreement made by Kwan On for paying the plaintiff should the other defendant fail or refuse to do so. Kwan On denied any liability to pay the plaintiff on the ground that Kwan On had never agreed to be responsible for paying the plaintiff should the other defendant fail or refuse to do so. Kwan On agreed to participate in the payment process in respect of labourer wages for the works and would, if called up, assist the plaintiff in paying its labourers their wages and the agreement made by Kwan On with the plaintiff was recorded under minutes. Kwan On was never called upon by the plaintiff to assist such payments. The plaintiff also claims interest and costs against Kwan On. As advised by the legal advisers to Kwan On as to the said action, they are of the view that the documents which the parties have disclosed so far do not support the plaintiff's case. The plaintiff has left the action in abeyance since September 2009;

- (ii) a Court of First Instance Action (HCPI 279/2013) was commenced by an employee of a subcontractor of Kwan On in or about April 2013 against Kwan On and one other respondent in respect of a claim for personal injury sustained by him in an accident happened on 14 December 2011 arising out of and in the course of his employment. No specific amount of claim was stated in the writ of proceedings. By a consent order of the High Court of Hong Kong dated 16 December 2014, Kwan On and the other respondent were ordered to pay the plaintiff a sum of HK\$1,215,000 (inclusive of interest) in full and final settlement of his claim against Kwan On and the other respondent in respect of the above action, of which payments of HK\$915,000 were already made to the plaintiff by Kwan On's insurer. Kwan On was informed by a letter dated 15 January 2015 from the legal advisers to the said action that its insurer was in the course of arranging the final payment of HK\$300,000 for its legal advisers to discharge the only outstanding balance of such settlement sum;
- (iii) a District Court Action (DCPI 2268/2012) was commenced by an employee of the Director of Lands in or about October 2012 against Kwan On, Secretary for Justice (sued on behalf of Director of Lands) and one other defendant in respect of a claim for personal injury sustained by him in his course of employment arising out of the alleged negligence and/or breach of statutory duty and/or breach of common duty of care under the Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) in an accident happened on 11 November 2009 at a construction site alleged to be occupied and managed by Kwan On. No specific amount of claim was stated in the writ of proceeding. No settlement has been reached and no judgment has been entered against Kwan On in respect of the above action. By a letter dated 9 November 2012 from the Department of Justice (on behalf of the Director of Lands) to Kwan On, Kwan On was informed that the plaintiff proposed a settlement offer of HK\$231,711.32 by a letter dated 8 October 2012 from the plaintiff's legal advisers to the Department of Justice. By a further letter dated 14 November 2014 from the plaintiff's solicitor to Kwan On's solicitors and the Department of Justice, the plaintiff made a sanctioned

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offer in the sum of HK\$185,000 (inclusive of interest but on top of the compensation under the Employees' Compensation Ordinance in the sum of HK\$69,137.68 and exclusive of legal cost) in full and final settlement of the plaintiff's whole claim. Kwan On has not accepted the aforesaid offers and no settlement has been reached;

- (iv) a District Court Action (DCEC 1971/2013) was commenced by an employee of a subcontractor of UEL in November 2013 against UEL as the second respondent and Kwan On as the intended third respondent and the said subcontractor as the first respondent in respect of a claim for employees' compensation under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) for personal injury sustained by the employee in an accident happened on or about 28 June 2012 arising out of and in the course of his employment. According to the Certificate of Assessment of the Employees' Compensation (Ordinary Assessment) Board dated 19 November 2013, the loss of earning capacity permanently caused by the injury is 25%. No specific amount of claim was stated in the writ of proceeding. By a letter dated 13 November 2014 from the plaintiff's legal advisers to UEL's legal advisers as to the said action, the plaintiff has agreed, without prejudice to any issue that may arise in the plaintiff's common law claim, to accept a sum of approximately HK\$341,000 (exclusive of legal cost) in settlement of the claim and the plaintiff's legal advisers have confirmed the receipt from UEL a sum of HK\$341,000 on 3 December 2014;
- (v) a Court of First Instance Action (HCPI 173/2014) was commenced by an employee of a subcontractor of Kwan On in about February 2014 against such subcontractor as the first defendant and Kwan On as the second defendant in respect of a claim for personal injury sustained by him in his course of employment in an accident happened on 26 April 2011 at a construction site alleged to be occupied and managed by the said subcontractor. No specific amount of claim was stated in the writ of proceedings. No settlement has been reached and no judgment has been entered against Kwan On in respect of the above action. As assessed by the legal advisers to Kwan On as to the said action, assuming full deduction (if allowed by the court) of the payment received by the applicant of this case under the previous settled claim against Kwan On and its subcontractor commenced by him under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) of approximately HK\$396,000, it is estimated that the net compensation payable under the said action to be approximately HK\$1,253,000;
- (vi) a Court of First Instance Action (HCPI 351/2014) was commenced by an employee of a subcontractor of UEL in about April 2014 against such subcontractor as the first defendant and UEL as the second defendant in respect of a claim for personal injury sustained by him in his course of employment in an accident happened on 28 June 2012 at a construction site alleged to be occupied and managed by the said subcontractor. Approximately HK\$2.7 million plus interest is claimed under this action. No

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settlement has been reached and no judgment has been entered against Kwan On in respect of the above action. The plaintiff of the said action is the applicant of the District Court Action (DCEC 1971/2013) mentioned above;

(vii) a District Court Action (DCEC 991/2014) was commenced by an employee of UCRL in about May 2014 against UCRL as the first respondent and Kwan On as the second respondent in respect of a claim for employees' compensation under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) for personal injury sustained by the employee in an accident happened on or about 13 July 2012 arising out of and in the course of his employment. According to the Certificate of Review of Assessment of the Employees' Compensation (Ordinary Assessment) Board dated 12 March 2014, the loss of earning capacity permanently caused by the injury is 3.5%. Accordingly, it is estimated that the compensation payable under the said action to be approximately HK\$59,000. Directors confirm that the Group has taken out the necessary employees' compensation policy to cover its liability against the said proceeding; and

(viii) in about December 2014, a District Court Action was commenced by an employee of UCRL against UCRL as the first respondent and Kwan On as the second respondent in respect of a claim for employees' compensation under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) for personal injury sustained by the employee in an accident happened on or about 9 December 2012 arising out of and in the course of his employment. No specific amount of claim was stated in the writ of proceeding. According to the Certificate of Assessment of the Employees' Compensation (Ordinary Assessment) Board dated 27 October 2014, the loss of earning capacity permanently caused by the injury is 2%. Accordingly, it is estimated that the compensation payable under the said action will amount to approximately HK\$37,000.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document. The Sponsor has confirmed to the Stock Exchange that they are independent from our Company and satisfy Rule 6A.07 of the GEM Listing Rules. The Sponsor is entitled to a fee in the amount of HK\$3,500,000 as the Sponsor to our Company for the Listing (the "**Sponsor Fee**"). The Sponsor Fee relates solely to services provided by the Sponsor in the capacity of a sponsor, and not other services which it may provide, such as (without limitation) bookbuilding, pricing and underwriting.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Messis Capital Limited as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a

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period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

5. Preliminary expenses

The estimated preliminary expenses of our Company of approximately HK\$85,800 have been paid by our Company.

6. Promoter

Our Company has no promoter.

7. Particulars of the Vendors

The particulars of the Vendors are set out as follow:

| | | | |
|--|---|--|--|
| Name of the Vendors | : | Fortune Decade | Twilight Treasure |
| Description | : | A company incorporated in the BVI with limited liability on 23 August 2012 and an investment holding company with company number 1729945 | A company incorporated in BVI with limited liability on 13 August 2012 and an investment holding company with company number 1728265 |
| Directors of the Vendors | : | Mr. Tony Wong | Mr. Tony Wong and Mr. Kwong |
| Shareholders of the Vendors | : | Mr. Tony Wong, holding 100% of the issued share capital of Fortune Decade | Decade Success and Success Ally, holding 12.5% and 87.5% of the issued share capital of Twilight Treasure respectively |
| Registered office of the Vendors | : | P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI | P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI |
| Number of Sale Shares to be offered by the Vendors for sale under the [REDACTED] | : | [60,000,000] | [60,000,000] |

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8. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this document:

| Name | Qualification |
|--|--|
| Conyers Dill & Pearman (Cayman) Limited ("CDP") | Cayman Islands attorneys-at-law |
| BDO Limited ("BDO") | Certified Public Accountants |
| BDO Financial Services Limited | Internal control adviser to our Company |
| BDO Tax Limited | Tax adviser to our Company |
| Messis Capital | A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| Michael Li & Co. | Practising solicitors in Hong Kong |

9. Consents of experts

Each of CDP, BDO, BDO Financial Services Limited, BDO Tax Limited, Michael Li & Co. and Messis Capital has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their letters, reports, opinions or summaries of opinions and/or references to their names (as the case may be) in the form and context in which they respectively appear.

10. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Registration procedures

The register of members of our Company will be maintained in the Cayman Islands by [REDACTED] and a branch register of members of our Company will be maintained in Hong Kong by [REDACTED]. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

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12. Miscellaneous

Save as disclosed herein:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable (except commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;
 - (iv) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (v) no founder, management or deferred shares of our Company have been issued or agreed to be issued;
- (b) our Directors are not aware of any material adverse change in the financial position or trading position or prospects of our Group since 30 September 2014 (being the date to which the latest audited financial statements of our Group were made up);
- (c) all necessary arrangements have been made to enable the Shares to be admitted into CCASS; and
- (d) we have no outstanding convertible debt securities.