
APPENDIX V**STATUTORY AND GENERAL INFORMATION**

A. FURTHER INFORMATION ABOUT THE COMPANY AND THE SUBSIDIARIES**1. Incorporation of the Company**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 May 2015. The Company has established a place of business in Hong Kong at 4th Floor, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 June 2015. In connection with such registration, Mr. Yip has been appointed as the authorised representative of the Company for acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company was incorporated in the Cayman Islands, its operations are subject to the relevant laws and regulations of the Cayman Island, the Companies Law and its constitution, which comprises its Memorandum of Association and Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this [REDACTED].

2. Changes in authorised and issued share capital of the Company

- (a) The Company was incorporated in the Cayman Islands on 15 May 2015 with an authorised share capital of the Company of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. As at the date of incorporation, one nil paid subscriber Share was allotted and issued to a subscriber, which was then transferred to Success Wing on 21 May 2015.
- (b) Pursuant to the written resolutions of the sole Shareholder passed on [●] 2015, the authorised share capital of the Company was conditionally increased from HK\$380,000 to HK\$20,000,000 by the creation of a further 1,962,000,000 Shares, and the [REDACTED] and the Capitalisation Issue were approved pursuant to which [REDACTED] were issued and allotted for offering to the public pursuant to the [REDACTED] and conditional on the share premium account of the Company being credited as a result of the [REDACTED], an amount of HK\$1,124,999 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of [REDACTED] Shares for allotment and issue to Mr. Lui, Mr. Wai, Mr. Yip and Success Wing and to credit the one nil paid subscriber Share held by Success Wing as fully paid.
- (c) Immediately following the completion of the [REDACTED] and the Capitalisation Issue, without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, [REDACTED] Shares will be allotted and issued, fully paid or credited as fully paid and [REDACTED] Shares will remain unissued. Other than the Shares issuable pursuant to the exercise of any options which may fall to be granted under the Share Option Scheme, or the exercise of the general mandate referred to in the subsection headed “A. Further information about the Company and its subsidiaries — 3. Written resolutions of the sole Shareholder” in this Appendix, the Directors have no present intention to issue

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any part of the authorised but unissued capital of the Company, and without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

- (d) Save as disclosed above, there has been no alteration in the share capital of the Company since its incorporation.

3. Written resolutions of the sole Shareholder

Pursuant to the written resolutions passed by the sole Shareholder on [●] 2015, *inter alia*:

- (a) the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,962,000,000 Shares of HK\$0.01 each;
- (b) conditional on the conditions as set out in the section headed “Structure and conditions of the [REDACTED]” of this [REDACTED]:
- (i) the [REDACTED] were approved and the Directors were authorised to (aa) allot and issue the [REDACTED] Shares to rank *pari passu* with the then existing Shares in all respects; (bb) implement the [REDACTED] and the [REDACTED] of Shares on GEM; and (cc) do all things and execute all documents in connection with or incidental to the [REDACTED] and the [REDACTED] with such amendments or modifications (if any) as the Directors may consider necessary or appropriate;
- (ii) conditional on the share premium account of the Company being credited as a result of the [REDACTED], the Directors were authorised to capitalise HK\$[REDACTED] standing to the credit of the share premium account of the Company towards paying up in full at par of a total [REDACTED] Shares for allotment and issue to Mr. Lui, Mr. Wai, Mr. Yip and Success Wing;
- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the subsection headed “D. Share Option Scheme” in this Appendix, were approved and adopted and the Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme;
- (iv) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of the Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries

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of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of the Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding (1) 20% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and (2) the aggregate nominal value of shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
 - (3) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of the Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10.0% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
 - (3) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the

Company repurchased by the Company pursuant to the Repurchase Mandate referred to in paragraph (v) above provided that such extended amount shall not exceed 10.0% of the total nominal value of the share capital of the Company in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue (excluding any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme); and

- (vii) the Company approved and adopted the Memorandum of Association and Articles of Association, the terms of which are summarised in Appendix IV to this [REDACTED].

4. Reorganisation

The companies comprising the Group underwent the Reorganisation in preparation for the [REDACTED], details of which are set out in the section headed “History, Reorganisation and corporate structure — Reorganisation” in this [REDACTED]. Following the Reorganisation, the Company became the holding company of the Group.

Diagrams showing the Group structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the [REDACTED] (assuming that no Share has been allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) are set out in the section headed “History, Reorganisation and corporate structure — Reorganisation” in this [REDACTED].

5. Changes in share capital of subsidiaries

The Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this [REDACTED].

Save as mentioned in the section headed “History, Reorganisation and corporate structure — the Group’s corporate history” in this [REDACTED], there was no change in the share capital of the major subsidiaries of the Company during the two years preceding the date of this [REDACTED].

Save for the subsidiaries mentioned in Appendix I to this [REDACTED], the Company has no other subsidiaries.

6. Repurchase by the Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this [REDACTED] concerning the repurchase by the Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

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

Note: Pursuant to the written resolutions passed by the sole Shareholder on [●] 2015, a general mandate was given to the Directors to exercise all powers of the Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of the 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 the Company in issue immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The general mandate will remain in effect until whichever is the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable Cayman Islands law; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the 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 law, any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company, or if authorised by the Articles of Association and subject to the Companies Law, out of capital.

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(iii) *Trading restrictions*

The total number of shares a listed company may be authorised to repurchase on the GEM or on any other stock exchange recognised by the SFC in Hong Kong and the Stock Exchange is the total number of shares which represent up to a maximum of 10.0% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in that company representing up to 10.0% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchase on the GEM if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange. A company shall not purchase its shares on the GEM if the purchase price is higher by 5.0% or more than the average closing market price for the five preceding trading days on which its shares were traded on the GEM.

(iv) *Status of repurchased securities*

The listing of all repurchased securities (whether on the GEM or otherwise) is automatically cancelled upon the repurchase and the relevant certificates must be cancelled and destroyed. Under the Cayman Islands law, a company’s repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company’s issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) *Suspension of repurchase*

A listed company shall not make any repurchase of securities at any time after inside information has come to its knowledge, or development which may constitute inside information has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (ii) the deadline for publication of an announcement of a listed company’s results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances and provided that a waiver on

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all or any of the restrictions under the GEM Listing Rules has been granted by the Stock Exchange. In addition, the Stock Exchange may prohibit repurchases of securities on the GEM if a company has breached the GEM Listing Rules.

(vi) *Reporting requirements*

Repurchases of securities on the GEM or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Trading Day. In addition, a company’s annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors’ report is also required to contain reference to the purchases made during the year and the directors’ reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) *Core connected persons*

Under the GEM Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the GEM Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(b) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after [REDACTED], could accordingly result in up to [REDACTED] Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) *Funding of repurchases*

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and the applicable laws and regulations of the Cayman Islands.

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On the basis of the current financial position of the Group as disclosed in this [REDACTED] and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in this [REDACTED]. However, the 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 the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

(e) *General*

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

The 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, the Memorandum and Articles and the applicable laws of the Cayman Islands.

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

As a result of a repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of the Company will increase and such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder’s interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase which may be made pursuant to the Repurchase Mandate immediately after the [REDACTED].

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

7. Summary of material contracts

The following contracts (not being contracts entered into the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the date of this [REDACTED] and are or may be material:

- (a) a sale and purchase agreement dated 30 June 2015 entered into between Mr. Yip and Ms. Lam, pursuant to which Ms. Lam agreed to transfer 50,000 shares of Sun Pool back to Mr. Yip at the consideration of HK\$995,230;

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- (b) a sale and purchase agreement dated [●] entered into between Youkang and Mr. Lui, pursuant to which Mr. Lui agreed to transfer 50,000 shares of Sun Pool to Youkang, and in consideration thereof, Youkang agreed to allot and issue one share to Light Dimension;
- (c) a sale and purchase agreement dated [●] entered into between Youkang and Mr. Wai, pursuant to which Mr. Wai agreed to transfer 50,000 shares of Sun Pool to Youkang, and in consideration thereof, Youkang agreed to allot and issue one share to Light Dimension;
- (d) a sale and purchase agreement dated [●] entered into between Youkang and Mr. Yip, pursuant to which Mr. Yip agreed to transfer 50,000 shares of Sun Pool to Youkang, and in consideration thereof, Youkang agreed to allot and issue one share to Light Dimension;
- (e) a sale and purchase agreement dated [●] entered into between Sun Pool and Mr. Liu, pursuant to which Mr. Liu agreed to transfer 15,000 shares of BuildMax (HK) to Sun Pool, and in consideration thereof, Sun Pool agreed to procure Youkang to allot and issue three shares to Mr. Liu;
- (f) a sale and purchase agreement dated [●] entered into between Sun Pool and Mr. Chan, pursuant to which Mr. Chan agreed to transfer 5,000 shares of BuildMax (HK) to Sun Pool, and in consideration thereof, Sun Pool agreed to procure Youkang to allot and issue one share to Mr. Chan;
- (g) a sale and purchase agreement dated [●] entered into between Light Dimension and Mr. Liu, pursuant to which Mr. Liu agreed to transfer three shares of Youkang to Light Dimension, and in consideration thereof, Light Dimension agreed to procure Success Wing to allot and issue 74 shares to Mr. Liu;
- (h) a sale and purchase agreement dated [●] entered into between Light Dimension and Mr. Chan, pursuant to which Mr. Chan agreed to transfer one share of Youkang to Light Dimension, and in consideration thereof, Light Dimension agreed to procure Success Wing to allot and issue 26 shares to Mr. Chan;
- (i) the Reorganisation Agreement;
- (j) the Deed of Indemnity;
- (k) the Deed of Non-competition; and
- (l) the Underwriting Agreement.




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8. Intellectual property rights of the Group

(a) Trademarks

As at the Latest Practicable Date, the Group has registered the following trademarks in Hong Kong which are material to the Group’s business:




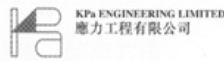

<u>Trademark</u>	<u>Registration number(s)</u>	<u>Registrant</u>	<u>Class (Note)</u>	<u>Registration date</u>	<u>Expiry Date</u>
	303134277	BuildMax (HK)	6, 19	15 September 2014	14 September 2024
	303134286	BuildMax (HK)	6, 19	15 September 2014	14 September 2024
	303134295	BuildMax (HK)	19	15 September 2014	14 September 2024

Note:

Class 6: Building materials made of metal; building parts of aluminum; sound proofing panels and partitions of metal; all included in Class 6.

Class 19: Building materials [not of metal]; building materials made of acrylic glass; glass for building purposes; frameworks for building elements [not of metal]; sound proofing panels and partitions [not of metal]; all included in Class 19.

As at the Latest Practicable Date, the Group has applied for registration of the following trademarks in Hong Kong, the registration of which has yet been granted:

<u>Trademark</u>	<u>Application number(s)</u>	<u>Applicant</u>	<u>Class (Note)</u>	<u>Date of application</u>
	303307617	BuildMax (HK)	37, 42	16 February 2015
	303307626	BuildMax (HK)	37, 42	16 February 2015
	303398978	BuildMax (HK)	6, 20	17 April 2015
	303307545	KPa Engineering	37, 42	16 February 2015
	303307554	KPa Engineering	37, 42	16 February 2015

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Note:




Class 6: Poles of metal; common metals and their alloys in the form of poles; banner poles of metal; decorative poles of metal.

Class 20: Flagpoles of metal.

Class 37: Building construction supervision; building construction services; building maintenance and repair; building reinforcement services; building restoration; Construction and construction management of residential, commercial and industrial buildings; construction and renovation of buildings; construction consultancy services; construction management services; construction planning and construction supervision services; Consultation in building construction supervision; road construction; street construction; steel structure constructions works; technical consultation and construction in the field of building of curtain wall, glass wall, roof cladding, wall cladding, skylight, covered walkway, noise barrier, tensile fabric structure and structural steel works.

Class 42: Architectural and engineering services; civil engineering services; construction drafting services; construction grading services; consultation in the field of structural engineering; design in the field of engineering; engineering services for building and property condition assessment; buildings monitoring and environmental risk consultation services.

As at the Latest Practicable Date, the Group has applied for registration of the following trademarks in the PRC, the registration of which has yet been granted:

Trademark	Application number	Applicant	Class (Note)	Date of application
	15361496	BuildMax (HK)	17	17 September 2014
	15361397	BuildMax (HK)	17	17 September 2014
	15361447	BuildMax (HK)	17	17 September 2014

Note:

Class 17: Synthetic rubber; caulking materials; organic glass; vulcanized fiber; flexible tubes, not of metal; soundproofing materials; bark coverings for sound insulation; insulating materials; padding materials of rubber or plastics; tear tape (cigarette).

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(b) Domain name

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

<u>Domain name</u>	<u>Registrant</u>	<u>Commencement date</u>	<u>Expiry date</u>
kpa-bm.com.hk	KPa Engineering	17 June 2015	28 June 2018
kpa.com.hk	KPa Engineering	7 December 1998	1 September 2019
Buildmax.com.hk	KPa Engineering	29 September 2001	6 October 2019

Information contained in the above website does not form part of this [REDACTED].

Save as disclosed herein and in the paragraph headed “Business — Intellectual property rights” in this [REDACTED], there are no other trade or service marks, patents, copyrights, other intellectual or industrial property rights which are or may be material to the business of the Group.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**9. Directors****(a) Disclosure of interests of Directors**

So far as the Directors are aware, immediately following completion of the Capitalisation Issue and the [REDACTED] without taking into account the Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be

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entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules, will be as follows:

(i) *Long position in the Shares*

<u>Name of Directors</u>	<u>Capacity</u>	<u>Number and class of securities</u>	<u>Approximate percentage of shareholding</u>
Mr. Lui (Notes 1, 2)	Beneficial owner; Interest in a controlled corporation; Interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Mr. Wai (Notes 1, 3)	Beneficial owner; Interest in a controlled corporation; Interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Mr. Yip (Notes 1, 4)	Beneficial owner; Interest in a controlled corporation; Interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]

Notes:

- On 14 July 2015, Mr. Lui, Mr. Wai and Mr. Yip entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they were parties acting in concert of Success Wing and each of the members of the Group during the Track Record Period, details of which are set out in the paragraph “Parties acting in concert” under the section headed “History, Reorganisation and Corporate Structure” of this [REDACTED].
- Shares in which Mr. Lui is interested consist of (i) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) held by him as beneficial owner; (ii) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) held by Success Wing, a company which is in aggregate owned as to approximately 87.8% by Mr. Lui, Mr. Wai and Mr. Yip, in which Mr. Lui is deemed to be interested under the SFO; and (iii) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) in which Mr. Lui is deemed to be interested as a result of being a party acting-in-concert with Mr. Wai and Mr. Yip.
- Shares in which Mr. Wai is interested consist of (i) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) held by him as beneficial owner; (ii) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) held by Success Wing, a company which is in aggregate owned as to approximately 87.8% by Mr. Lui, Mr. Wai and Mr. Yip, in which Mr. Wai is deemed to be interested under the SFO; and (iii) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) in which Mr. Wai is deemed to be interested as a result of being a party acting-in-concert with Mr. Lui and Mr. Yip.

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4. Shares in which Mr. Yip is interested consist of (i) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) held by him as beneficial owner; (ii) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) held by Success Wing, a company which is in aggregate owned as to approximately 87.8% by Mr. Lui, Mr. Wai and Mr. Yip, in which Mr. Yip is deemed to be interested under the SFO; and (iii) [REDACTED] Shares (representing approximately [REDACTED]% of the total issued share capital of the Company) in which Mr. Yip is deemed to be interested as a result of being a party acting-in-concert with Mr. Lui and Mr. Wai.

(ii) *Long position in the ordinary shares of associated corporations*

<u>Name of Directors</u>	<u>Name of associated corporation</u>	<u>Capacity/Nature</u>	<u>No. of share held</u>	<u>Percentage of interest</u>
Mr. Lui	Success Wing	Beneficial owner	[REDACTED]	[REDACTED]
Mr. Wai	Success Wing	Beneficial owner	[REDACTED]	[REDACTED]
Mr. Yip	Success Wing	Beneficial owner	[REDACTED]	[REDACTED]

Note: By virtue of Mr. Lui acting in concert with Mr. Wai and Mr. Yip, each of Mr. Lui, Mr. Wai and Mr. Yip is deemed to be interested in the aggregate of the shares of Success Wing held by Mr. Lui, Mr. Wai and Mr. Yip.

(b) *Particulars of service contracts*

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the [REDACTED] until terminated by not less than three months’ notice in writing served by either party. Commencing from the [REDACTED], each of the executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by the Board and the remuneration committee of the Company.

In addition, each of the executive Directors is entitled to such discretionary bonus by reference to the Group’s audited net profit after taxation but before extraordinary items of the Group for the relevant year as the Board and the Remuneration Committee may approve, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, discretionary bonus and other benefits payable to him/her. The current basic annual salary of the executive Directors are as follows:

<u>Name of Director</u>	<u>Annual Director’s remuneration</u>
	<i>HK\$</i>
Mr. Yip	1,690,000
Mr. Wai	1,690,000
Mr. Lui	1,690,000

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Each of Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term commencing from the [REDACTED] and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing. Commencing from the [REDACTED], each independent non-executive Director is entitled to an annual director's fee of HK\$180,000.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract/letter of appointment with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

(c) *Directors' remuneration*

The Company's policies concerning remuneration of executive Directors are:

- (i) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to the Group by the relevant Director;
- (ii) non-cash benefits may be provided to the Directors under their remuneration package; and
- (iii) the executive Directors may be granted, at the discretion of the Board, share options of the Company, as part of the remuneration package.

An aggregate sum of approximately HK\$4.1 million and HK\$3.7 million was paid to the Directors as remuneration and benefits in kind by the Group for the two years ended 31 March 2015, respectively. Further information in respect of the Directors' remuneration is set out in note 12(a) to the Accountants' Report in Appendix I to this [REDACTED].

An aggregate sum of approximately HK\$5.1 million will be paid to the executive Directors as remuneration and benefits in kind by the Group for the year ending 31 March 2016 under the arrangements in force at the date of this [REDACTED] excluding management bonus.

10. Substantial shareholders

So far as the Directors are aware, immediately following the completion of the Capitalisation Issue and the [REDACTED] and taking no account of any Shares which may be taken up under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme, the following persons/entities (not being the Directors or chief executive of the Company) will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or

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indirectly, to be 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 the Company or any other members of the Group:

Long positions in Shares, underlying Shares and debentures

<u>Name</u>	<u>Capacity/Nature</u>	<u>No. of share held/ interested in</u>	<u>Percentage of interest</u>
Ms. Lam (<i>Note 1</i>)	Interest of spouse	[REDACTED]	[REDACTED]
Ms. Wu (<i>Note 2</i>)	Interest of spouse	[REDACTED]	[REDACTED]
Success Wing	Beneficial owner	[REDACTED]	[REDACTED]

Notes:

1. Ms. Lam is the spouse of Mr. Yip and is deemed, or taken to be, interested in all Shares in which Mr. Yip has interest under the SFO.
2. Ms. Wu is the spouse of Mr. Wai and is deemed, or taken to be, interested in all Shares in which Mr. Wai has interest under the SFO.

11. Related party transactions

The Group entered into the related party transactions within the two years immediately preceding the date of this [REDACTED] as mentioned in note 37 of the Accountants’ Report set out in Appendix I to this [REDACTED].

12. Disclaimers

Save as disclosed in this Appendix and the section headed “Substantial Shareholders” in this [REDACTED]:

- (a) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the [REDACTED] will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either 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 the general meetings of the Company or any other members of the Group;
- (b) none of the Directors and chief executive of the Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of the Company or any

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associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are [REDACTED] on the Stock Exchange;

- (c) none of the Directors nor the experts named in “E. Other information — 20. Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this [REDACTED], acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this [REDACTED] which is significant in relation to the business of the Group; and
- (e) none of the experts named in “E. Other information — 20. Qualifications of experts” in this Appendix has any shareholding in any member of 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.

D. SHARE OPTION SCHEME**13. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the sole Shareholder on [●].

For the purpose of this section, unless the context otherwise requires:

- | | |
|-------------------|--|
| “Board” | means the board of Directors from time to time or a duly authorised committee thereof; |
| “Eligible Person” | means, among others, any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of the Company or any of its subsidiaries; |
| “Option” | means an option to subscribe for Shares granted pursuant to the Share Option Scheme; |
| “Option Period” | means in respect of any particular Option, the period to be determined and notified by the Board to each Participant but which shall not exceed ten years from the date of grant of such Option; |

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“Other Schemes”	means any other share option schemes adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Shareholders”	means shareholders of the Company from time to time;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the GEM Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere; and
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) *Purpose of the Share Option Scheme*

The Share Option Scheme enables the Company to grant Options to Eligible Persons as incentives or rewards for their contributions to the Group.

(b) *Who may join*

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.0 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than 5 Trading Days from the date on which the Option is granted.

(c) *Grant of Option*

Any grant of Options must not be made after an event giving rise to inside information has occurred or such matter has been the subject of a decision until such inside information has been announced in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company’s results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for the Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. The Group’s Directors may not grant any Option to an Eligible Person during the periods or times in which directors of

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the [REDACTED] issuer are prohibited from dealing in shares pursuant to Rules 5.48 to 5.67 prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1.0% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1.0% of the Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to the Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the GEM Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders’ meeting and the date of meeting of the Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) *Price of Shares*

The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and shall not be lower than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been [REDACTED] for less than five Trading Days, the [REDACTED] shall be used as the closing price for any Trading Day falling within the period before the [REDACTED].

(e) *Maximum number of Shares*

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10.0% of the Shares in issue as at the [REDACTED] (the “Scheme Mandate Limit”) provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of [REDACTED]

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Shares in issue on the [REDACTED], the Scheme Mandate Limit will be equivalent to [REDACTED] Shares, representing 10.0% of the Shares in issue as at the [REDACTED].

- (ii) Subject to the approval of Shareholders in general meeting, the Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10.0% of the Shares in issue as at the date of such Shareholders’ approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders’ approval referred to in this paragraph (ii), the Company shall send a circular to the Shareholders containing the information required by the GEM Listing Rules.
- (iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such Shareholders’ approval is sought. In relation to the Shareholders’ approval referred to in this paragraph (iii), the Company shall send a circular to the Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, the Company may not grant any Options if 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 Other Schemes exceeds 30.0% of the Shares in issue from time to time.

(f) *Time of exercise of Option*

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

(g) *Rights are personal to grantee*

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation

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to any Option. Any breach of the foregoing by the Participant shall entitle the Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on the Company.

(h) *Rights on death*

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options up to the Participant’s entitlement (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

(i) *Changes in capital structure*

In the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of the Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by a Participant 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, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser of the Company or the auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(j) *Rights on take-over*

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement of otherwise in like manner) has been made to all Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Options in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

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(k) *Rights on a compromise or arrangement*

- (i) In the event that a notice is given by the Company to the Shareholders to convene a Shareholders’ meeting for the purpose of considering and approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Participants and the Participants may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by the Company not later than two Trading Days prior to the proposed meeting) exercise the outstanding Option either in full or in part and the Company shall, as soon as possible and in any event no later than the Trading Day immediately prior to the date of the proposed Shareholders’ meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise.
- (ii) In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 10.18(3) of the GEM Listing Rules), the Company shall give notice thereof to all Participants on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Participants may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by the Company not later than two Trading Days prior to the proposed meeting) exercise the outstanding Option either in full or in part and the Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of the Company’s share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise credited as fully paid and registered the Participants as holders thereof.

(l) *Lapse of Option*

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board and under the Share Option Scheme;
- (ii) subject to paragraphs (f) and (p), the expiry of the Option Period of the Option;
- (iii) subject to paragraph (k)(i), the date of commencement of the winding-up of the Company;
- (iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);

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- (v) in the event that the Participant was an employee or director of any member of the Group on the date of grant of Option to him or her, the date on which such member of the Group terminates the Participant’s employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of the Board or the board of directors of the relevant member of the Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;

- (vi) the happening of any of the following events, unless otherwise waived by the Board:
 - (1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Participant (being a corporation); or
 - (2) the Participant (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent; or
 - (3) there is unsatisfied judgment, order or award outstanding against the Participant or the Company has reason to believe that the Participant is unable to pay or has no reasonable prospect of being able to pay his/her/its debts; or
 - (4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (1), (2) and (3) above; or
 - (5) a bankruptcy order has been made against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
 - (6) a petition for bankruptcy has been presented against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or

- (vii) the date the Participant commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board; or

- (viii) the date on which the Board resolves that the Participant has failed or otherwise is or has been unable to meet the continuing eligibility criteria for participation in the Share Option Scheme.

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(m) *Ranking of Shares*

Shares allotted and issued upon the exercise of an Option will be subject to the Articles of Association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue. Any Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Participant has been entered into the register of members of the Company as the holder thereof.

(n) *Cancellation of Options granted*

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the Participant concerned in writing.

In the event that the Board elects to cancel any Options and issue new ones to the same Participant, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) *Period of Share Option Scheme*

The Share Option Scheme will be valid and effective for a period of ten years commencing on the [REDACTED], after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) *Alteration to and termination of Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board, except that the provisions of the Share Option Scheme relating to matters contained in Chapter 23 of the GEM Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of the Shareholders in general meeting (with the Eligible Persons, the Participants and their respective close associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Participants as would be required by the Shareholders under the Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature, shall first be approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

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The Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

(q) *Granting of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates*

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by the Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the GEM Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder of the Company, an independent non-executive Director or their respective associates.

The circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and

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- (iii) all other information as required by the GEM Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the GEM Listing Rules) of the Company set out in this paragraph (q) do not apply where the Eligible Person is only a proposed Director or proposed chief executive of the Company.

(r) *Conditions of Share Option Scheme*

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by the Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the [REDACTED] of and permission to deal in the Shares which may be issued pursuant to the exercise of Options.

Application has been made to the Listing Division for the [REDACTED] of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

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

As at the Latest Practicable Date, no options had been granted or agreed to be granted by the Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 23 of the GEM Listing Rules.

E. OTHER INFORMATION

14. Tax and other indemnities

Each of the Controlling Shareholders (collectively, the “**Indemnifiers**”) has entered into the Deed of Indemnity (being the material contract referred to in “B. Further information about the business of the Group — 7. Summary of material contracts — (j) the Deed of Indemnity” in this Appendix) with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any tax liabilities which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received, or of any transactions entered into, or the occurrence of any matters or things on or up to the date on which the [REDACTED] becomes unconditional (the “**Effective Date**”), save for any taxation the extent that:
- (i) full provision has been made for such taxation in the audited accounts of the Group for the two years ended 31 March 2015 (the “**Accounts**”) as set out in Appendix I to this [REDACTED];
- (ii) falling on any member of the Group on or after 1 April 2015, unless the liability for taxation would not have arisen but for any act or omission of, or delay by, or transactions voluntarily effected by any member of the Group (whether alone or in

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conjunction with some other act, omission, delay or transaction, whenever occurring) with the prior written consent or agreement of any of the Indemnifiers, but excluding such act, omission, delay or transaction carried out or affected by the Group in the ordinary course of its business or in the ordinary causes of acquiring or disposing of capital assets or pursuant to a legally binding commitment created before 1 April 2015;

- (iii) such taxation claim 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 by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect; and
- (iv) any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied pursuant to the Deed of Indemnity to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and
- (b) any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by any member of the Group in respect of any liability which might be payable by any member of the Group arising from any possible or alleged violation or non-compliance with the applicable laws, rules or regulations of Hong Kong on all matters, including but not limited to the Companies Ordinance and any non-compliance disclosed in this [REDACTED] by any member of the Group before the [REDACTED].

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands or the BVI or Hong Kong, being jurisdictions in which one or more of the companies comprising the Group were incorporated.

15. Litigation

Save as disclosed in the paragraph headed “Business — Litigation” in this [REDACTED], neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

16. Sponsor

The Sponsor has made an application for and on behalf of the Company to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this [REDACTED], including the [REDACTED] and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of any options which may be granted under the Share Option Scheme.

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17. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, the Company has appointed Messis Capital Limited as compliance adviser to provide advisory services to the Company to ensure compliance with the GEM Listing Rules for a period commencing on the [REDACTED] and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED] or until the agreement is terminated, whichever is the earlier.

18. Preliminary expenses

The preliminary expenses relating to the incorporation of the Company are approximately HK\$33,000 and are payable by the Company.

19. Promoter

The Company has no promoter.

20. Qualification of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this [REDACTED] are as follows:

<u>Name</u>	<u>Qualification</u>
Messis Capital Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
BDO Limited	Certified Public Accountants
TC & Co.	Legal advisers to the Company as to Hong Kong law
Hills & Co.	Legal advisers to the Company as to PRC law
Appleby	Legal advisers to the Company as to Cayman Islands law
Asset Appraisal Limited	Property Valuer

21. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this [REDACTED] with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this [REDACTED] in the form and context in which it respectively appears.

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22. Sponsor’s fees

The Sponsor will be paid by the Company a total fee of HK\$4.0 million to act as sponsor to the Company in connection with the [REDACTED].

23. Binding effect

This [REDACTED] 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 penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

24. Miscellaneous

- (a) Save as disclosed in this Appendix and the sections headed “History, Reorganisation and corporate structure” and “Underwriting” in this [REDACTED], within the two years preceding the date of this [REDACTED]:
 - (i) no share or loan capital of the Company or any of its 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 in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in the Company.
- (b) No share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of the Company or any of its subsidiaries has been issued or agreed to be issued.
- (d) The Directors confirm that, up to the date of this [REDACTED], save as disclosed in the paragraph headed “Financial information — No material adverse change” in this [REDACTED], there has been no material adverse change in the financial or trading position or prospects of the Group since 31 March 2015 (being the date to which the latest audited combined financial statements of the Group were made up), and there had been no event since 31 March 2015 which would materially affect the information as shown in the Accountants’ Report.
- (e) There has not been any interruption in the business of the Group which has had a material adverse effect on the financial position of the Group in the 24 months preceding the date of this [REDACTED].

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- (f) None of Messis Capital Limited, BDO Limited, TC & Co., Hills & Co., Appleby and Asset Appraisal Limited:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (g) No company within the Group is presently listed on any stock exchange or traded on any trading system and no part of the shares or loan capital of the Company is listed, traded or dealt in on any other stock exchange. At present, the Company is not seeking or proposing to seek listing of, or permission to deal in, any part of its shares or loan capital on any other stock exchange.
- (h) The Company has no outstanding convertible debt securities.
- (i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (j) There are no arrangements under which future dividends are waived or agreed to be waived.

25. Bilingual [REDACTED]

The English language and the Chinese language versions of this [REDACTED] are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

26. Taxation of holders of Shares**(a) *Hong Kong***

Dealings in Shares registered on the Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

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(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of the Company, the Directors or parties involved in the [REDACTED] accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.