

**FURTHER INFORMATION ABOUT THE COMPANY AND ITS 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 5 September 2006 with an authorised share capital of HK\$100,000 divided into 1,000,000 Shares. On 5 September 2006, one Share was allotted and issued, nil paid, to Codan Trust Company (Cayman) Limited, which was transferred to Boom Instant on the same date. Additional 999,999 Shares were allotted and issued, nil paid, to Boom Instant on the same date. The said 1,000,000 nil paid Shares were subsequently paid up in the manner described in paragraph 4 below.

The Company was incorporated in the Cayman Islands and is subject to the relevant laws and regulations of the Cayman Islands. Its constitution comprises a memorandum of association and the Articles of Association. A summary of certain relevant parts of its constitution and certain relevant aspects of the Companies Law is set out in Appendix V to this prospectus.

**2. Changes in share capital of the Company*****(a) Increase in authorised share capital***

Pursuant to a resolution in writing passed by the then sole Shareholder of the Company (namely, Boom Instant) on 29 January 2007, the authorised share capital of the Company was increased to HK\$1,000,000,000 by the creation of a further 9,999,000,000 Shares.

Immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme, 1,000 million Shares will be in issue, fully paid or credited as fully paid, and 9,000 million Shares will remain unissued. In the event that the Over-allotment Option is exercised in full, 1,045 million Shares will be issued fully paid or credited as fully paid, and 8,955 million Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any of the authorised but unissued share 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.

Save as disclosed herein and in paragraphs 1, 3 and 4 of this Appendix, there has been no alteration in the share capital of the Company since its incorporation.

**(b) Founder shares**

The Company has no founder shares, management shares or deferred shares.

**3. Resolutions in writing of the sole Shareholder passed on 8 September 2007**

On 8 September 2007 pursuant to resolutions in writing passed by Boom Instant, the then sole Shareholder of the Company:

- (a) the Company adopted its existing Articles of Association;
- (b) conditional on the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus on the Main Board and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the respective terms of those agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
  - (i) the Share Offer and the Over-allotment Option were approved and the Directors were authorised to approve the allotment and issue of the Offer Shares and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option and to approve the transfer of the Sale Shares;
  - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 15 of this Appendix, were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder, to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme;
  - (iii) conditional on the share premium account being credited as a result of the issue of the New Shares under the Share Offer, the Directors were authorised to capitalise HK\$65 million standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 650 million Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 18 August 2007 (or as it/they may direct) in proportion (as nearly as possible without involving fractions) to it/their then existing shareholdings in the Company;

- (iv) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association of the Company, or pursuant to the grant of options under the Share Option Scheme or which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders of the Company revoking or varying the authority given to the Directors, whichever occurs first;
- (v) a general unconditional mandate (“**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued immediately following completion of Share Offer and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders of the Company revoking or varying the authority given to the Directors, whichever occurs first; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

#### 4. Corporate reorganisation

The companies comprising the Group underwent the Reorganisation to rationalise the Group’s structure in preparation for the Listing of the Shares on the Stock Exchange and the Company became the holding company of the Group.

The Reorganisation involved the transfer on 29 January 2007 to the Company by Boom Instant of an aggregate of 100 shares of US\$1 each, being the entire issued share capital of Double Nation, the intermediate holding company of the Group, in consideration and in exchange for which the Company (i) allotted and issued, credited as fully paid, 9,000,000 new Shares to Boom Instant, and (ii) credited as fully paid at par the 1,000,000 nil-paid Shares then held by Boom Instant. On 16 April 2007, 90 million Shares were allotted and issued to Boom Instant as consideration for the capitalisation of the shareholder's ICBC Loan in the principal amount of HK\$193,522,000 owing by the Company to Boom Instant.

In addition to the transfer of shares in Double Nation referred to above, the Group also underwent the following corporate restructuring:–

- (a) on 21 April 2006, Best Known was incorporated in Hong Kong. One subscriber share of Best Known of HK\$1 held by Harefield Limited was transferred to Double Nation on 17 July 2006 at consideration of HK\$1. On the same date, 99 shares of Best Known were allotted and issued to Double Nation for cash at par. Following such transfer and allotment, Double Nation has become the sole shareholder of the entire equity interest of Best Known;
- (b) on 17 July 2006, Mr. Zhu and Mr. Zhu Mo Qun as transferors on the one part entered into a share transfer agreement with Best Known as transferee on the other part, pursuant to which their entire equity interest in the registered capital of Shandong Qunxing, being its entire registered capital, was agreed to be transferred to Best Known at cash consideration of HK\$193,521,070.70. The said transfer of equity interest and the conversion of Shandong Qunxing into a wholly foreign owned enterprise were approved by the Foreign Trade and Economic Cooperation Office of Shandong Province on 28 July 2006.

## **5. Changes in share capital of subsidiaries**

The subsidiaries of the Company are listed in the accountants' report set out in Appendix I to this prospectus.

In addition to the Reorganisation described in paragraph 4 of this Appendix, the following alteration in the share capital of the Company's subsidiaries took place within the two years immediately preceding the date of this prospectus:

- (a) On 28 July 2006, the Foreign Trade and Economic Cooperation Office of Shandong Province approved the increase of the registered capital of Shandong Qunxing from RMB30,000,000 to RMB190,000,000 by way of capitalisation of accumulated capital surplus and common reserve of Shandong Qunxing. The aforesaid increase of the registered capital was completed on 12 February 2007 by the passing of a board resolution of Shandong Qunxing approving such capitalisation on the same date.
- (b) On 17 July 2006, 99 shares of HK\$1 each in Best Known were allotted and issued at par to Double Nation, as a result of which the total number of shares of HK\$1 each in issue in Best Known became 100.

- (c) On 17 July 2006, 100 shares of US\$1 each in Double Nation were allotted and issued at par to Boom Instant, as a result of which the total number of shares of US\$1 each in issue in Double Nation became 100. The entire issued shares of Double Nation were transferred to the Company on 29 January 2007 at such consideration as set out in paragraph 4 of this Appendix VI.

Save as disclosed herein and in paragraph 4 of this Appendix, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

## **6. Repurchase by the Company of its own securities**

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

### **(a) 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, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to a resolution in writing passed by the sole Shareholder of the Company on 8 September 2007, the Repurchase Mandate was given to the Directors authorising any repurchase by the Company of 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 immediately following completion of Share Offer and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme), such mandate will expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the same, whichever occurs first.

### **(b) Source of funds**

Repurchases must be paid out of funds legally available for the purpose in accordance with the Company's Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under Cayman Islands laws, 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 its Articles of Association and 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 the Company or, if authorised by its Articles of Association and subject to the Companies Law, out of capital.

**(c) *Reasons for repurchases***

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have general authority from the Shareholders to enable the 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 per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

**(d) *Funding of repurchases***

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the 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 the Group as compared with the position disclosed in this prospectus. 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.

Assuming that the Over-allotment Option is not exercised, the exercise in full of the Repurchase Mandate, on the basis of 1,000 million Shares in issue immediately after the listing of the Shares on the Main Board, would result in up to 100 million Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

Assuming that the Over-allotment Option is exercised in full and on the basis of 1,045 million Shares in issue immediately after the exercise of the Over-allotment Option, the exercise in full of the Repurchase Mandate, would result in up to 104.5 million Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

**(e) *General***

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

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 Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become 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 consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

## **7. Registration under Part XI of the Companies Ordinance**

The Company has established its head office and a principal place of business in Hong Kong for the purpose of registration under Part XI of the Companies Ordinance at Room 723, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Hong Kong. The Company has been registered as an oversea company under Part XI of the Companies Ordinance since 16 August 2007. Mr. Au-Yeung Kwong Wah, the company secretary of the Company, is currently the agent of the Company for the acceptance of service of process in Hong Kong.

## **FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP**

### **8. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a share transfer agreement (in Chinese) dated 17 July 2006 and made between Mr. Zhu and Mr. Zhu Mo Qun as transferors on one part and Best Known as transferee on the other part for the acquisition by Best Known of the entire equity interest in the registered capital of Shandong Qunxing at cash consideration of HK\$193,521,070.70;
- (b) a share purchase agreement in relation to Double Nation Limited dated 29 January 2007 and made between Boom Instant as vendor, Mr. Zhu as warrantor and the Company as purchaser for the acquisition by the Company of the entire issued share capital of Double Nation in consideration of (i) the allotment and issue, credited as fully paid, of 9,000,000 new Shares to Boom Instant, and (ii) crediting as fully paid at par the 1,000,000 nil-paid Shares then held by Boom Instant;

- (c) five several placing agreements entered into by the Company and the Global Coordinator with each of the following Cornerstone Investors (whose name is set out in the first column below) respectively dated the date set out in the second column below opposite their respective names in respect of the agreement by the relevant Cornerstone Investor to subscribe for such number of Offer Shares as set out in the third column below opposite their respective names, at the final Offer Price for each Offer Share so agreed to be subscribed, on and subject to the terms and conditions as summarised in the paragraph headed “The cornerstone placing” in the section headed “Structure and conditions of the Share Offer” in this prospectus:



<b>Name of Cornerstone Investor</b>	<b>Date of agreement</b>	<b>No. of Offer Shares agreed to be subscribed for</b>
Prosky Limited	31 August 2007	32,000,000
Chow Tai Fook Nominee Limited	28 August 2007	32,000,000
Solar Sky International Limited	29 August 2007	11,200,000
Total Upgrade Limited	29 August 2007	11,200,000
Joyous Win Limited	29 August 2007	9,600,000

- (d) a deed of indemnity dated 8 September 2007 executed by Boom Instant, Addinsight, Be Broad, Mr. Zhu, Mr. Zhu Mo Qun and Mrs. Zhu, in favour of the Company for itself and as trustee for its current subsidiaries, containing the indemnities in respect of estate duty and taxation liabilities more particularly referred to in paragraph 16 of this Appendix;
- (e) a deed of non-competition dated 8 September 2007 executed by Boom Instant, Addinsight, Be Broad, Mr. Zhu, Mr. Zhu Mo Qun and Mrs. Zhu, in favour of the Company, in relation to certain non-competition undertakings given by the Controlling Shareholders, whose terms and summarised in the section headed “Non-competition undertakings given by our Controlling Shareholders”; and
- (f) the Hong Kong Public Offer Underwriting Agreement.






## 9. Intellectual Property Rights of the Group

### *Trademarks*

As at the Latest Practicable Date, the Group was the registered proprietor and beneficial owner of the following trademarks, which are material to the Group’s business:

<b>Trademark</b>	<b>Place of registration</b>	<b>Class</b>	<b>Registration number</b>	<b>Date of validity</b>
	PRC	16 (Note)	3478167	From 7 April 2005 to 6 April 2015
	PRC	16 (Note)	3683884	From 14 November 2005 to 13 November 2015

As at the Latest Practicable Date, the Group applied for registration of the following trademarks, the registration of which has not yet been granted:

<b>Trademark</b>	<b>Place of application</b>	<b>Class</b>	<b>Application number</b>	<b>Date of application</b>
	PRC	16 ( <i>Note</i> )	5587021	5 September 2006
	PRC	16 ( <i>Note</i> )	5587020	5 September 2006
	Hong Kong	16 ( <i>Note</i> )	300920952	26 July 2007
	Hong Kong	16 ( <i>Note</i> )	300920961	26 July 2007
	Hong Kong	16 ( <i>Note</i> )	300920970	26 July 2007

*Note:* The products covered under class 16 generally include paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.

As at the Latest Practicable Date, the Group applied for registration of the following patents, the registration of which has not yet been granted:

<b>Nature of the patent for utility model</b>	<b>Place of application</b>	<b>Application number</b>	<b>Date of application</b>
Drying equipment installed in the paper making machines	PRC	200620009158.6	3 November 2006

<b>Nature of the patent for invention</b>	<b>Place of application</b>	<b>Application number</b>	<b>Date of application</b>
A method to add titanium dioxide powder during the production of white decorative base paper products	PRC	200610070025.4	3 November 2006

**Domain Name**

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

Domain name	Registration Date	Expiry Date
www.qxzy.com.cn	8 September 2006	8 September 2011

**10. Further information about the Group's PRC subsidiary**

The Group has interests in the registered capital in a wholly foreign-owned enterprise established in the PRC, namely, Shandong Qunxing. A summary of the corporate information of this enterprise is set out as follows:

(i) Name of the enterprise:	山東群星紙業有限公司 (Shandong Qunxing Paper Limited*)
(ii) Economic nature:	wholly foreign-owned enterprise
(iii) Registered Owner:	Best Known (100%)
(iv) Total investment:	RMB570,000,000
(v) Registered capital:	RMB190,000,000 (fully paid-up)
(vi) Attributable interest to the Group:	100%
(vii) Term:	20 years, from 15 August 2006 to 14 August 2026
(viii) Scope of business:	Paper making, manufacturing of paper products, sale of its own products

**FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF AND EXPERTS****11. Directors****(a) Disclosure of interests**

- (i) Mr. Zhu, Mr. Zhu Mo Qun and Mrs. Zhu are interested in the Reorganisation referred to in paragraph 4 of this Appendix.
- (ii) Save as disclosed in this prospectus, none of the Directors or their associates was engaged in any dealings with the Group during the two years preceding the date of this prospectus.

**(b) Particulars of service contracts**

Each of the executive Directors, has entered into a service contract with the Company pursuant to which each of them agreed to act as an executive Director for a term of 36 months commencing from 1 October 2007.

Each of these executive Directors is entitled to a basic salary subject to an annual increment after 1 January 2009 at the discretion of the Directors (or the remuneration committee) of not more than 15% of the annual salary immediately prior to such increase. In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the management bonus payable to him. Upon the commencement of their respective service contracts, the basic annual salaries of the executive Directors will be as follows:

<b>Name</b>	<b>Annual salary (HK\$)</b>
ZHU Yu Guo	720,000
ZHU Mo Qun	720,000
SUN Zhen Shui	360,000
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Total:	<u>1,800,000</u>

Each of the non-executive Directors and independent non-executive Directors has been appointed for an initial term of two years commencing from 1 October 2007. The Company intends to pay Directors' fees of an aggregate amount of approximately HK\$492,000 per annum to the non-executive Director and independent non-executive Directors, and the annual Director's fees payable to such Directors are as follows:

<b>Name</b>	<b>Annual Director's fees (HK\$)</b>
SUN Rui Fang	72,000
ZHAO Wei	120,000
WANG Lu	120,000
KWONG Kwan Tong	180,000
	<hr/>
	<u>492,000</u>

Save for the abovementioned Directors' fees, none of the non-executive Director and independent non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director or an independent non-executive Director.

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

**(c) *Directors' remuneration***

- (i) During the year ended 31 December 2006, the aggregate emoluments paid by the Group to the Directors was approximately RMB224,000.
- (ii) Under the arrangements currently in force, the aggregate emoluments payable by the Group to the Directors for the year ending 31 December 2007 are estimated to be approximately HK\$750,000.
- (iii) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31 December 2006 as (i) an inducement to join or upon joining the Company; or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2006.

**(d) *Interests and short positions of Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations***

So far as the Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option), the interests and short positions of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (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 which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by

Directors of Listed Issuers in the Listing Rules once the Shares are listed, will be as follows:

Name of Director	The Company/ name of associated corporation	Capacity	Number of securities/ or underlying shares (note 1)	Approximate percentage of shareholding in the relevant company
Mr. Zhu	Company	Interest of controlled corporation	700,000,000 Shares (L) (Note 2)	70% of the Company
	Boom Instant	Interest of controlled corporation	80 shares of Boom Instant of US\$1 each (L) (Note 3)	80% of Boom Instant
	Addinsight	Beneficial owner (Note 3)	87.5 shares of Addinsight of US\$1 each (L)	87.5% of Addinsight
		Interest of spouse (Note 3)	12.5 shares of Addinsight of US\$1 each (L)	12.5% of Addinsight
Mrs. Zhu	Company	Interest of spouse	700,000,000 Shares (L) (Note 4)	70% of the Company
	Boom Instant	Interest of spouse	80 shares of Boom Instant of US\$1 each (L) (Note 5)	80% of Boom Instant
	Addinsight	Beneficial owner (Note 5)	12.5 shares of Addinsight of US\$1 each (L)	12.5% of Addinsight
		Interest of spouse (Note 5)	87.5 shares of Addinsight of US\$1 each (L)	87.5% of Addinsight
Mr. Zhu Mo Qun	Boom Instant	Interest in controlled corporation	20 shares of Boom Instant of US\$1 each (L) (Note 6)	20% of Boom Instant
	Be Broad	Beneficial owner (Note 6)	100 shares of Be Broad of US\$1 each (L)	100% of Be Broad

*Notes:*

1. The letter "L" denotes the Director's long position in the Shares.
2. Subject to any borrowing arrangement which may be effected under the Stock Borrowing Agreement, the 700,000,000 Shares will on the Listing Date be owned by Boom Instant, 80% of the issued share capital of which is beneficially owned by Addinsight. 87.5% of the issued share capital of Addinsight is beneficially owned by Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in the said Shares held by Boom Instant.

3. The 80 shares of Boom Instant are registered in the name of Addinsight, 87.5% of the issued share capital of which is beneficially owned by Mr. Zhu, while the remaining 12.5% is beneficially owned by Mrs. Zhu, a non-executive Director and spouse of Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in the 80 shares of Boom Instant held by Addinsight.
4. Subject to any borrowing arrangement which may be effected under the Stock Borrowing Agreement, the 700,000,000 Shares will on the Listing Date be owned by Boom Instant, 80% of the issued share capital of which is beneficially owned by Addinsight. 87.5% of the issued share capital of Addinsight is beneficially owned by Mr. Zhu. Mr. Zhu is deemed to be interested in the said Shares in which Boom Instant is interested by virtue of the SFO. Mrs. Zhu is the spouse of Mr. Zhu and is therefore deemed to be interested in the said Shares in which Mr. Zhu is deemed to be interested.
5. The 80 shares of Boom Instant are registered in the name of Addinsight, 87.5% of the issued share capital of which is beneficially owned by Mr. Zhu, while the remaining 12.5% is beneficially owned by Mrs. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in the 80 shares of Boom Instant held by Addinsight. Mrs. Zhu is the spouse of Mr. Zhu and is therefore deemed to be interested in the said 80 shares of Boom Instant in which Mr. Zhu is deemed to be interested.
6. The 20 shares of Boom Instant are registered in the name of Be Broad, the entire issued share capital of which is beneficially owned by Mr. Zhu Mo Qun. Under the SFO, Mr. Zhu Mo Qun is deemed to be interested in the 20 shares of Boom Instant held by Be Broad.

## 12. Interest disclosable under the SFO and substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking account of any Shares which may be taken up under the Share Offer and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), the following persons (other than the Directors or chief executive officer of the Company) will have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and who will be expected, directly or indirectly, to be interested in 10% or more of the Shares:

Name	Company/ name of Group member	Capacity (note 1)	Number of Shares	Approximate percentage of shareholding
Boom Instant	Company	Beneficial owner	700,000,000 Shares (L)	70%
Addinsight (Note 2)	Company	Interest of controlled corporation	700,000,000 Shares (L)	70%
Mr. Zhu (Note 3)	Company	Interest of controlled corporation	700,000,000 Shares (L)	70%
Mrs. Zhu (Note 4)	Company	Interest of spouse	700,000,000 Shares (L)	70%

### Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. Subject to any borrowing arrangement which may be effected under the Stock Borrowing Agreement, the 700,000,000 Shares will on the Listing Date be owned by Boom Instant, 80% of the issued share capital of which is beneficially owned by Addinsight. Under the SFO, Addinsight is deemed to be interested in all the Shares held by Boom Instant. (87.5% of the issued share capital of Addinsight is beneficially owned by Mr. Zhu, while the remaining 12.5% is beneficially owned by Mrs. Zhu.) The remaining 20% of the issued share capital of Boom Instant is owned by Be Broad which is solely owned by Mr. Zhu Mo Qun, a Director.

3. Subject to any borrowing arrangement which may be effected under the Stock Borrowing Agreement, the 700,000,000 Shares will on the Listing Date be owned by Boom Instant. 87.5% of the issued share capital of Addinsight is beneficially owned by Mr. Zhu (an executive Director), and the remaining 12.5% is beneficially owned by Mrs. Zhu (a non-executive Director). Under the SFO, Mr. Zhu is deemed to be interested in the Shares held by Boom Instant.
4. Mrs. Zhu is the spouse of Mr. Zhu and is therefore deemed to be interested in the said shares in which Mr. Zhu is deemed to be interested.

### 13. Connected transactions and related party transactions

Save as disclosed in this prospectus and in note 25 of the accountants' reports of the Company set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, the Group has not engaged in any other material connected transactions or related party transactions.

### 14. Disclaimers

Save as disclosed in this prospectus:

- (i) and taking no account of any Shares which may be taken up or acquired under the Share Offer or upon the exercise of the Over-allotment Option or the options granted or which may be granted under the Share Option Scheme, the Directors are not aware of any person who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have an interest or a short position in Shares or 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 will, directly or indirectly, 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 member of the Group;
- (ii) none of the Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under such provisions of the SFO, any interests or short position in the Shares or underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV 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 the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules once the Shares are listed on the Main Board;
- (iii) none of the Directors nor the experts named in paragraph 21 of this Appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of the Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of the Group nor will any Director apply for Shares either in his own name or in the name of a nominee;

- (iv) save for the guarantee dated 2 February 2007 and made by Mr. Zhu, Mr. Zhu Mo Qun and Mrs. Zhu, all being Directors, in favour of ICBC (Asia) as security for the ICBC Loan, none of the Directors nor the experts named in paragraph 21 of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole; and
- (v) none of the experts named in paragraph 21 of this Appendix has any shareholding in any member 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 in the Group.

## OTHER INFORMATION

### 15. Share Option Scheme

#### (a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the sole Shareholder of the Company on 8 September 2007:

##### (i) *Purposes of the scheme*

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

##### (ii) *Who may join*

The Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which the Group holds an equity interest ("**Eligible Employee**");

- (bb) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of the Group or any Invested Entity;
- (dd) any customer of the Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- (ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' option as to his contribution to the development and growth of the Group.

(iii) *Maximum number of Shares*

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted

under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Main Board ("**General Scheme Limit**"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

- (cc) Subject to (aa) above and without prejudice to (dd) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

*(iv) Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders

and the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).
- (bb) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective 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% 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 Shareholders of the Company in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his 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. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must be approved by the Shareholders of the Company in general meeting.

(vi) *Time of acceptance and exercise of option*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the 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 Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

*(vii) Performance targets*

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

*(viii) Subscription price for Shares and consideration for the option*

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less 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 the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

*(ix) Ranking of Shares*

- (aa) Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company and will rank *pari passu* in all respects with the 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 the Company is closed, the first day of the re-opening of the register of members ("**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 date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

- (bb) Unless the context otherwise requires, references to “**Shares**” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

(x) *Restrictions on the time of grant of options*

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Directors for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the last date on which the Company must publish its announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the announcement of the results, no option may be granted.

The Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) *Rights on ceasing employment*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Company, any of its subsidiaries or any Invested Entity.

*(xiii) Rights on death, ill-health or retirement*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee 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 cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

*(xiv) Rights on dismissal*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not be exercisable on or after the date of cessation to be an Eligible Employee.

*(xv) Rights on breach of contract*

If the Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in items (1), (2) or (3) above, his option will lapse automatically and will not be exercisable on or after the date on which the Directors have so determined.

*(xvi) Rights on a general offer, a compromise or arrangement*

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner 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, the Company shall use all 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, shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

*(xvii) Rights on winding up*

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

*(xviii) Grantee being a company wholly-owned by eligible participants*

If the grantee is a company wholly-owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

*(xix) Adjustments to the subscription price*

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to (aa) the number or nominal amount of Shares to which the Share Option Scheme or any option relates, so far as unexercised, (bb) the subscription price of the option concerned, and/or (cc) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in the option or which remain comprised in the option provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to the share option scheme).

*(xx) Cancellation of options*

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (iii) (cc) and (dd) above.

*(xxi) Termination of the Share Option Scheme*

The Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall 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 (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

*(xxii) Rights are personal to the grantee*

An option is personal to the grantee and shall not be transferable or assignable.

*(xxiii) Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period referred to in paragraph (vi);
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvii) and (xviii); and
- (cc) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph (xxii) by the grantee in respect of that or any other options.

*(xxiv) Others*

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number representing the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.

- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of the Company in general meeting.

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

*(i) Approval of the Listing Committee required*

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number representing the General Scheme Limit.

*(ii) Application for approval*

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

*(iii) Grant of option*

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

*(iv) Value of options*

The 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 options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

## 16. Estate duty and tax indemnities

Each of the Controlling Shareholders (collectively the “**Indemnifiers**”) has entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph 8(d) of this Appendix) and all its present subsidiaries to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of the Group on or before the date on which the Share Offer becomes unconditional.

Under the deed of indemnity, the Indemnifiers have also given indemnities to the Group on a joint and several basis in relation to taxation which might be payable by any member of the Group in respect of among other matters any income, profits or gains earned, accrued or received on or before the date on which the Share Offer becomes unconditional.

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, BVI and the PRC.

The deed of indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of the Company or any of its subsidiaries up to 30 April 2007; or
- (b) to the extent that such taxation or liability for such taxation falling on any member of the Group in respect of their accounting period commencing on 1 May 2007 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected, by any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
  - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 May 2007; or
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 April 2007;

- (c) to the extent that such 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 coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent of any provisions or reserve made for taxation in the audited accounts of any member of the Group up to 30 April 2007 and which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this item (d) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

## 17. Litigation

The Directors confirm that neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries, that would have a material adverse effect on the results of operations or financial condition of the Group.

## 18. Joint Sponsors

The listing of our Shares on the Stock Exchange is jointly sponsored by ICEA and Access Capital. The Joint Sponsors have made an application for and on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares that may be issued upon the exercise of the Over-allotment Option or any Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board.

As part of the Reorganisation, ICBC (Asia) provided the ICBC Loan to Boom Instant for the purposes of financing the acquisition of the entire equity interest in the registered capital of Shandong Qunxing by Best Known. As indicated in the section headed "Financing arrangement in respect of the Reorganisation" under the section headed "Business" in this prospectus, the proceeds received by Boom Instant from the sale of Sale Shares will be used to repay the ICBC Loan. As this amount may represent more than 15% of the total proceeds to be raised from the Share Offer (assuming no exercise of the Over-allotment Option), ICEA may not be considered as an independent sponsor pursuant to Rule 3A.07 of the Listing Rules. Access Capital satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Therefore, the requirement of having at least one independent sponsor in a listing application set out in Rule 3A.07 is satisfied.

**19. Preliminary expenses**

The estimated preliminary expenses of the Company are approximately US\$3,500 and are payable by the Company.

**20. Promoters**

The promoters of the Company are Mr. Zhu and Mr. Zhu Mo Qun. Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no cash, securities, amount or other benefit has been paid, allotted or given to any promoter in connection with the Share Offer of the related transactions described in this prospectus.

**21. Qualifications of experts**

The qualifications of the experts who have given opinions or advices in this prospectus are as follows:

<b>Name</b>	<b>Qualification</b>
ICEA Capital Limited	A corporation licensed under transitional arrangement to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Access Capital Limited	A licensed corporation under the SFO, which is permitted to conduct Type 1, (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
KPMG	Certified Public Accountants
Jingtian & Gongcheng	Licensed legal advisers on PRC laws
LCH (Asia-Pacific) Surveyors Limited	Chartered Surveyors

**22. Consents of experts**

Each of ICEA Capital Limited, Access Capital Limited, Conyers Dill & Pearman, KPMG, Jingtian & Gongcheng and LCH (Asia-Pacific) Surveyors Limited has given and has not withdrawn its written consents to the issue of this prospectus with copies of their reports, letters, valuation, opinions or summaries of opinions (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

**23. Binding Effect**

This prospectus 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 Ordinance so far as applicable.

**24. Taxation of holders of Shares**

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of 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 Shares. It is emphasised that none of the Company, the Selling Shareholder, the Directors or the other parties involved in the Share Offer can accept 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.

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

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

**25. Miscellaneous**

(a) Save as disclosed herein:

(i) within two years immediately preceding the date of this prospectus:

(aa) no share or loan capital of the Company or of 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; and

- (bb) 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;
  - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Share in the Company or any of its subsidiaries; and
  - (dd) no amount or benefit has been paid or given or intended to be paid or given to the promoter of the Company;
- (ii) 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;
  - (iii) there has been no material adverse change in the financial position or prospects of the Group since 30 April 2007 (being the date to which the latest audited combined financial statements of the Group were made up); and
  - (iv) there has not been any interruption in the business of the Group which may have or has had a material adverse effect on the financial position of the Group.
- (b) Subject to the provisions of the Companies Law, the register of members of the Company will be maintained in the Cayman Islands by Butterfield Fund Services (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.
  - (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

## 26. Bilingual Prospectus

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

**27. Particulars of the Selling Shareholder**

The Selling Shareholder of the Sale Shares is Boom Instant whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI. Its principal business is investment holding.

Boom Instant is owned as to 80% by Addinsight and 20% by Be Broad. Addinsight is, in turn, owned as to 87.5% by Mr. Zhu, an executive Director and 12.5% by Mrs. Zhu, a non-executive Director. Mr. Zhu Mo Qun, an executive Director, is the sole shareholder of Be Broad.

Save as disclosed above, none of the Directors are interested in the Sale Shares.