

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, the following persons will, immediately following completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, be directly or indirectly interested in 10% or more of the Shares in issue on the Listing Date, taking no account of any Shares which may be allotted and issued upon the exercise of any options granted or to be granted under the Share Option Scheme or pursuant to the Right of First Refusal Agreement or the general mandates to issue or repurchase Shares referred to in Appendix V of this prospectus or the First Post IPO Conversion or the Second Post IPO Conversion:

Name	Note	Number of Shares held	Shareholding percentage
Dr. Yeung	1, 2	121,538,824	37.07%
Ms. Margaret Tsui	1, 3	121,538,824	37.07%
Spring Biotech	1	67,747,524	20.67%
Town Health	1, 4	67,747,524	20.67%

Notes:

1. The effect of the First Post IPO Conversion and the Second Post IPO Conversion on the shareholding percentages is set out in the sub-section headed “Convertible Notes” in the section headed “Share capital” in this prospectus. Following the First Post IPO Conversion and the Second Post IPO Conversion, The Applied Research Council will hold 12.06% of the then issued share capital of the Company (assuming there is no issuance of new Shares during the period commencing from the Listing Date to the Second Post IPO Conversion Date save for such new Shares issued pursuant to the First Post IPO Conversion and the Second Post IPO Conversion).
2. Under the SFO, Dr. Yeung will be deemed to be interested in the 119,170,370 Shares, representing approximately 36.35% of the issued share capital of the Company, immediately following completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, held by Ms. Margaret Tsui, his spouse.
3. Under the SFO, Ms. Margaret Tsui will be deemed to be interested in the 2,368,454 Shares, representing approximately 0.72% of the issued share capital of the Company, immediately following completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, held by Dr. Yeung, her spouse.
4. Spring Biotech is beneficially wholly owned by Town Health Bio-Medical Technology Limited which is beneficially wholly owned by Town Health which in turn is beneficially owned as to 0.1% by Mr. Cho Kam Luk, a Director and as to 13.08% by, and it is accustomed to act in accordance with the directions or instructions of, Origin Limited which in turn is beneficially wholly owned by Dr. Cho Kwai Chee (the son of Mr. Cho Kam Luk, a Director).

Upon full conversion of the Convertible Notes on the Second Post IPO Conversion Date, one of the Noteholders, namely, The Applied Research Council will become a substantial shareholder of the Company and hold approximately 12.06% of the then enlarged issued share capital of the Company, assuming there is no issue of new Shares between the Listing Date and the Second Post IPO Conversion Date, save for the issue of new Shares as a result of the First Post IPO Conversion and the Second Post IPO Conversion. (Please refer to the sub-section headed “Convertible Notes” in the section headed “Share capital” for further details of the Convertible Notes.)

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INITIAL MANAGEMENT SHAREHOLDERS

The following table sets out the respective shareholding interests in the Company of each of the Initial Management Shareholders immediately after completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, taking no account of any Shares which may be allotted and issued upon the exercise of any options granted or to be granted under the Share Option Scheme or pursuant to the Right of First Refusal Agreement or the general mandates to issue or repurchase Shares referred to in Appendix V of this prospectus or the First Post IPO Conversion or the Second Post IPO Conversion:

Name	Note	Number of Shares held	Shareholding percentage
Dr. Yeung	1, 2	121,538,824	37.07%
Ms. Margaret Tsui	1, 3	121,538,824	37.07%
Spring Biotech Town Health Bio-Medical Technology Limited	1, 4	67,747,524	20.67%
Town Health Origin Limited	1, 4	67,747,524	20.67%
Dr. Cho Kwai Chee	1, 4	67,747,524	20.67%
Vanbarry Corporation	1, 5	12,574,648	3.84%
Mr. Cheng Yan Tak, Angus Ronald	1, 5	12,574,648	3.84%
Diamond Tech Investment Limited	1, 6	12,574,648	3.84%
Mr. Wong Yan Kit	1, 6	12,574,648	3.84%

Notes:

- The effect of the First Post IPO Conversion and the Second Post IPO Conversion on the shareholding percentages is set out in the sub-section headed “Convertible Notes” in the section headed “Share capital” in this prospectus. Following the First Post IPO Conversion and the Second Post IPO Conversion, The Applied Research Council will hold 12.06% of the then issued share capital of the Company (assuming there is no issuance of new Shares during the period commencing from the Listing Date to the Second Post IPO Conversion Date save for such new Shares issued pursuant to the First Post IPO Conversion and the Second Post IPO Conversion).
- Under the SFO, Dr. Yeung will be deemed to be interested in the 119,170,370 Shares, representing approximately 36.35% of the issued share capital of the Company, immediately following completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, held by Ms. Margaret Tsui, his spouse.
- Under the SFO, Ms. Margaret Tsui will be deemed to be interested in the 2,368,454 Shares, representing approximately 0.72% of the issued share capital of the Company, immediately following completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, held by Dr. Yeung, her spouse.
- Spring Biotech is beneficially wholly owned by Town Health Bio-Medical Technology Limited which is beneficially wholly owned by Town Health which in turn is beneficially owned as to 0.1% by Mr. Cho Kam Luk, a Director and as to 13.08% by, and it is accustomed to act in accordance with the directions or instructions of, Origin Limited which in turn is beneficially wholly owned by Dr. Cho Kwai Chee (the son of Mr. Cho Kam Luk, a Director).

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5. Vanbarry Corporation is wholly beneficially owned by Mr. Cheng Yan Tak, Angus Ronald, who is a Director.
6. Diamond Tech Investment Limited is wholly beneficially owned by Mr. Wong Yan Kit. Pursuant to Rules 1.01 and 13.15(2) of the GEM Listing Rules, Diamond Tech Investment Limited is considered to be an Initial Management Shareholder as it is an existing Shareholder and it, together with Vanbarry Corporation, will be entitled to control approximately 7.68% of the issued share capital of the Company as at the Listing Date and is able to influence the management of the Company through its long standing relationship with Vanbarry Corporation and Mr. Cheng Yan Tak, Angus Ronald, a Director.

Each of the Initial Management Shareholders has given certain undertakings to the Stock Exchange, the Company and First Shanghai Capital with respect to the Shares, directly or indirectly, held by them respectively. Details of the undertakings are set out in the subsection headed “Undertakings” in the section headed “Substantial, significant and Initial Management Shareholders” in this prospectus.

SIGNIFICANT SHAREHOLDERS

So far as the Directors are aware, immediately following the completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, taking no account of any Shares which may be allotted and issued upon the exercise of any options granted or to be granted under the Share Option Scheme or pursuant to the Right of First Refusal Agreement or the general mandates to issue or repurchase Shares referred to in Appendix V of this Prospectus or the First Post IPO Conversion or the Second Post IPO Conversion, the Company has no significant shareholders within the meaning of the GEM Listing Rules.

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RESTRICTIONS ON DISPOSAL OF SHARES AND INVESTMENT COST

The shareholding interests of the Initial Management Shareholders and certain other Shareholders (who are subject to restrictions on disposal of their Shares) immediately after completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion, taking no account of any Shares which may be allotted and issued upon the exercise of any options granted or to be granted under the Share Option Scheme or pursuant to the Right of First Refusal Agreement or the general mandates to issue or repurchase Shares referred to in Appendix V of this prospectus or the First Post IPO Conversion or the Second Post IPO Conversion, the cost at which they acquired their respective Shares and the relevant moratorium periods commencing on the date by reference to which disclosure of her/his/its direct or indirect shareholding interests in the Company is made in this prospectus and ending on the date which is 21 months (or 3 months, as the case may be) from the Listing Date, are set out below:

Shareholders	Number of Shares held <i>(note 1)</i>	%	Moratorium period ends <i>(Months from the Listing Date)</i>	Total approximate investment costs <i>(HK\$)</i>	Average approximate cost per Share <i>(HK\$)</i>	Date on which shareholding interest in the Group was first acquired
<i>Initial Management Shareholders</i>						
Dr. Yeung	2,368,454	0.72	21	707	0.0003	11 January, 2001
Ms. Margaret Tsui	119,170,370	36.35	21	6,069,159	0.051	11 January, 2001
Spring Biotech (including its shareholder and in turn its respective indirect and direct shareholders)	67,747,524	20.67	21	21,632,349	0.319	13 July, 2001
Vanbary Corporation (including its shareholder) <i>(note 2)</i>	12,574,648	3.84	21	640,356	0.051	31 August, 2001
Diamond Tech Investment Limited (including its shareholder) <i>(note 2)</i>	12,574,648	3.84	21	640,356	0.051	31 August, 2001
<i>Public Shareholders (notes 6 and 7)</i>						
Mr. Wong Kim Wing	11,782,178	3.59	21	600,000	0.051	31 August, 2001
Professor Lo	9,425,742	2.88	21	480,000	0.051	31 August, 2001
The Chinese University of Hong Kong Foundation Limited	2,356,436	0.72	21	120,000	0.051	31 August, 2001
The Applied Research Council	14,040,000	4.28	3	3,510,000	0.250	Prior to the Listing Date
MCVIL <i>(note 4)</i>	4,680,000	1.43	3	1,170,000	0.250	Prior to the Listing Date
JAIC <i>(note 4)</i>	2,808,000	0.86	3	702,000	0.250	Prior to the Listing Date
JAIC Technology <i>(note 4)</i>	1,872,000	0.57	3	468,000	0.250	Prior to the Listing Date
Mr. Robert Owen	600,000	0.18	3	150,000	0.250	Prior to the Listing Date
Mr. Russell Young	1,440,000	0.44	3	360,000	0.250	Prior to the Listing Date
Mr. Tong Sui Bau	120,000	0.04	3	30,000	0.250	Prior to the Listing Date
Mr. Lee Kam Lun, Kenyon	120,000	0.04	3	30,000	0.250	Prior to the Listing Date
Ms. Jessica Pui Han Jook	120,000	0.04	3	30,000	0.250	Prior to the Listing Date
Other public Shareholders	<u>64,000,000</u>	<u>19.51</u>	Not applicable	32,000,000	0.500	Prior to the Listing Date
Total	<u><u>327,800,000</u></u>	<u><u>100.00</u></u>				

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Notes:

1. The effects of the First Post IPO Conversion and the Second Post IPO Conversion on the shareholding structure of the Company are set out in the sub-section headed “Convertible Notes” in the section headed “Share capital” in this prospectus.
2. Pursuant to Rules 1.01 and 13.15(2) of the GEM Listing Rules, Diamond Tech Investment Limited is considered to be an Initial Management Shareholder as it is an existing Shareholder and it, together with Vanbarry Corporation, will be entitled to control approximately 7.68% of the issued share capital of the Company as at the Listing Date and is able to influence the management of the Company through its long standing relationship with Vanbarry Corporation and Mr. Cheng Yan Tak, Angus Ronald, a Director.
3. Other than Dr. Yeung and Ms. Margaret Tsui who are the founders of the Group, Spring Biotech which is an Initial Management Shareholder and a connected person of the Company (and its relationship with the Group is described in the section headed “Relationship with Initial Management Shareholders” and in the subsection headed “Connected transactions” in this prospectus), Professor Lo who is the scientific consultant of the Group designated by the Chinese University (and his relationship with the Group is more fully described in the section headed “Relationship with Professor Lo and the Chinese University” in this prospectus), none of the other Shareholders has any relationship, other than being a Shareholder, with the Company and its connected persons. Spring Biotech nominated Mr. Cho Kam Luk as an executive Director. Mr. Cheng Yan Tak, Angus Ronald, who will hold approximately 3.84% of the issued share capital of the Company through Vanbarry Corporation on the Listing Date, is an executive Director. Save as disclosed above and apart from Dr. Yeung and Ms. Margaret Tsui who are executive Directors, none of the Shareholders had been a Director or participated in the management of the Company in the past. The respective investment costs of each of the existing Shareholders, other than Dr. Yeung and Ms. Margaret Tsui, were determined after arm’s length negotiation and based on the relevant Shareholders’ own valuation of the Group and assessment of the Group’s prospects at the time they invested in the Group.
4. MCVIL is managed by JAIC HK, a wholly owned subsidiary of JAIC. JAIC Technology is a limited partnership established in Japan. It is owned by JAIC and other independent third parties and is managed by JAIC. Save as disclosed, the public Shareholders shown above are independent of and not connected with each other so far as the Board is aware.
5. The Company and each of its controlling shareholders, Initial Management Shareholders and Directors have confirmed that they and their respective associates have not entered into, and prior to the Listing, will not enter into any arrangements or agreements (other than those agreements currently disclosed in this prospectus) in relation to the Shares (or shares in the predecessor companies of the Company), including as to the price of the Shares placed to existing Shareholders or to be placed pursuant to the Share Offer.
6. Each of Mr. Wong Kim Wing, Professor Lo, The Chinese University of Hong Kong Foundation Limited, The Applied Research Council, MCVIL, JAIC, JAIC Technology, Mr. Robert Owen, Mr. Russell Young, Mr. Tong Sui Bau, Mr. Lee Kam Lun, Kenyon and Ms. Jessica Pui Han Jook have confirmed that (i) they are independent of and are not connected with the Company’s directors, chief executive, substantial Shareholder and management Shareholders and their respective associates; (ii) their acquisition of the Shares had not been financed directly or indirectly by a connected person of the Company, save that Professor Lo and The Chinese University of Hong Kong Foundation Limited’s shareholding interest in the Company had arisen as a result of the Consultancy Agreement; and (iii) none of them are accustomed to taking instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of the Shares registered in each of their respective names or otherwise held by each of them.
7. Each of The Applied Research Council, MCVIL, JAIC, JAIC Technology, Mr. Robert Owen, Mr. Russell Young, Mr. Tong Sui Bau, Mr. Lee Kam Lun, Kenyon and Ms. Jessica Pui Han Jook are passive investors and do not participate in the management of the Group. They had no board representation in the past and are not expected to have the same in the future.

UNDERTAKINGS

Each of the Initial Management Shareholders, including their respective shareholders, where appropriate, has undertaken to the Company, First Shanghai Capital and the Stock Exchange that for a period commencing on the date by reference to which disclosure of the shareholding interest of the relevant Initial Management Shareholders in the Company is made in this prospectus and ending on the date which is 21 months from the Listing Date:

- (i) she/he/it places in escrow, with an escrow agent acceptable to the Stock Exchange, the Shares held by her/him/it (as such term is defined in Rule 13.15(4) of the GEM Listing Rules) on terms acceptable to the Stock Exchange;
- (ii) she/he/it will not, save as provided in Rule 13.18 of the GEM Listing Rules, sell, transfer or otherwise dispose of (or enter into any agreement to sell, transfer or otherwise dispose of) or permit the registered holder to sell, transfer or otherwise dispose of (or enter into any agreement to sell, transfer or otherwise dispose of) any of the direct or indirect interests held by her/him/it in the relevant securities;
- (iii) if she/he/it pledges or charges any direct or indirect interest in the securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, she/he/it must inform the Company and the Sponsor immediately thereafter, disclose the details required by the GEM Listing Rules; and
- (iv) having pledged or charged any of her/his/its interest in the securities under sub-paragraph (iii) above, she/he/it must inform the Company and the Sponsor immediately in the event that she/he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the securities affected.

Town Health, which is the holding company of Town Health Bio-Medical Technology Limited and the ultimate holding company of Spring Biotech, has undertaken to the Company, the Stock Exchange and First Shanghai Capital not to dispose of its shares (whether directly or indirectly) in Town Health Bio-Medical Technology Limited during the period commencing on the date by reference to which disclosure of its indirect shareholding interest in the Company is made in this prospectus and ending on the date which is 21 months immediately following the Listing Date. Town Health Bio-Medical Technology Limited, which is the holding company of Spring Biotech, has also undertaken to the Company, the Stock Exchange and First Shanghai Capital not to dispose of its shares (whether directly or indirectly) in Spring Biotech during the period commencing on the date by reference to which disclosure of its indirect shareholding interest in the Company is made in this prospectus and ending on the date which is 21 months immediately following the Listing Date. Mr. Cheng Yan Tak, Angus Ronald who is the sole beneficial shareholder of Vanbarry Corporation, has also undertaken to the Company, the Stock Exchange and First Shanghai Capital not to dispose of his shares (whether directly or indirectly) in Vanbarry Corporation during the period commencing on the date by reference to which disclosure of his indirect shareholding interest in the Company is made in this prospectus and ending on the date which is 21 months immediately following the Listing Date. Mr. Wong Yan Kit, who is the sole beneficial shareholder of Diamond Tech Investment Limited, has

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also undertaken to the Company, First Shanghai Capital and the Stock Exchange not to dispose of his shares (whether directly or indirectly) in Diamond Tech Investment Limited during the period commencing on the date by reference to which disclosure of his indirect shareholding interest in the Company is made in this prospectus and ending on the date which is 21 months immediately following the Listing Date.

Each of Mr. Wong Kim Wing, Professor Lo and The Chinese University of Hong Kong Foundation Limited has undertaken to the Company and First Shanghai Capital not to dispose of, or enter into any agreement to dispose of, their Shares (whether directly or indirectly) for a period commencing on the date by reference to which disclosure of their respective shareholding interests in the Company are made in this prospectus and ending on the date which is 21 months following the Listing Date. Each of The Applied Research Council, MCVIL, JAIC, JAIC Technology and five other individual investors, namely, Mr. Robert Owen, Mr. Russell Young, Mr. Tong Sui Bau, Mr. Lee Kam Lun, Kenyon, and Ms. Jessica Pui Han Jook has undertaken to the Company not to dispose of, or enter into any agreement to dispose of, their respective Shares issued upon the Initial IPO Conversion for a period of three months following the Listing Date.

Under Rule 17.43 of the GEM Listing Rules, the Company shall publish an announcement on being informed of, or on otherwise becoming aware of, any matter referred to in the undertakings mentioned above concerning the pledging or charging of any interests in the relevant securities by each of the Initial Management Shareholders. In these circumstances, the information to be announced will include the number and class of securities being pledged or charged, the purpose for which the pledge or charge is made, and in the event that the pledgee or chargee has disposed of or intends to dispose of any of the relevant securities, details of the same, including the number of the relevant securities affected or to be affected.