

### I. RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

#### **Background**

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised, Fosun High Tech will hold approximately 40.97% of the enlarged issued share capital of our Company. The entire issued share capital of Fosun High Tech is held by Fosun International, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange. As at the Latest Practicable Date, Fosun International is held as to approximately 79.08% by Fosun Holdings. Fosun Holdings is a direct wholly-owned subsidiary of Fosun International Holdings, which is in turn held as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively. Each of Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, Fosun International Holdings, Fosun Holdings, Fosun International and Fosun High Tech is a Controlling Shareholder of our Company.

The Fosun Group is a large conglomerate with operations in the pharmaceuticals and healthcare, property, steel and mining sectors and is also engaged in retail, services and other investments. The Fosun Group operates the pharmaceutical business and healthcare business through our Company. The A Shares of our Company are listed on the Shanghai Stock Exchange and trading of our A Shares on the Shanghai Stock Exchange commenced on 7 August 1998. The business operations of our Group are independent from the business operations of the Fosun Group and our Controlling Shareholders.

#### **Independence from Our Controlling Shareholders**

Having considered the following factors, our Directors believe that we can carry on our business independent of and without reliance on our Controlling Shareholders (and their associates) following the Listing.

#### *Management Independence*

Our Company has a Board and senior management that function effectively and independently. Upon Listing, our management team consists of nine Directors, comprising two executive Directors, three non-executive Directors, four independent non-executive Directors and 14 members of the senior management.

Pursuant to the Articles, the current Board may, by majority, nominate and resolve to approve the appointment of Directors for the next term. Fosun International, as our Controlling Shareholder, has control over our Board. Fosun International is expected to continue to have control over our Company, the operating results of our Company is expected to be consolidated in the financial statements of Fosun International immediately upon Listing. Our Company has maintained and will continue to maintain our management independence, with full rights to make all decisions on, and to carry out, our own business operations independently.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

The following table sets forth a summary of the positions held by our Directors and members of our senior management team within our Company and the Fosun Group as at the Latest Practicable Date:

Name	Positions held within our Company	Positions held within the Fosun Group	Positions held within Sinopharm
Mr. Chen Qiyu . . .	Executive Director and chairman of the Board	<ol style="list-style-type: none"> <li>1. Vice president of Fosun International</li> <li>2. Vice president of Fosun High Tech</li> <li>3. Chairman of Tibet Fosun Investment Management Company Limited (西藏復星投資管理有限公司)</li> <li>4. Chairman of Shanghai Fosun Chuangye Investment Management Company Limited (上海復星創業投資管理有限公司)</li> </ol>	<ol style="list-style-type: none"> <li>1. Non-executive director</li> </ol>
Mr. Yao Fang . . . .	Executive Director, vice chairman and general manager	Nil	<ol style="list-style-type: none"> <li>1. Chief supervisor</li> </ol>
Mr. Guo Guangchang . . . . .	Non-executive Director	<ol style="list-style-type: none"> <li>1. Director of Fosun International Holdings</li> <li>2. Director of Fosun Holdings</li> <li>3. Chairman and executive director of Fosun International</li> <li>4. Chairman of Fosun High Tech</li> <li>5. Director of Forte</li> <li>6. Director of Fosun Gold Holdings Limited (復星黃金控股有限公司)</li> <li>7. Director of Fosun Industrial Holdings Limited (復星產業控股有限公司)</li> <li>8. Director of Fosun Property Holdings Limited (復星地產控股有限公司)</li> <li>9. Chairman of Shanghai Fosun Industrial Investment</li> <li>10. Vice chairman of Nanjing Nangang Iron &amp; Steel United Company Limited (南京南鋼鐵聯合有限公司)</li> <li>11. Vice chairman of Nanjing Iron &amp; Steel United Company Limited (南京鋼鐵聯合有限公司)</li> <li>12. Chairman of Shanghai Fosun Industrial Technology Development Company Limited (上海復星工業技術發展有限公司)</li> </ol>	Nil

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

Name	Positions held within our Company	Positions held within the Fosun Group	Positions held within Sinopharm
		13. Chairman of Shanghai Fosun Metallurgy Technology Company Limited (上海復星冶金技術有限公司)	
		14. Chairman of Hainan Fosun Mining Company Limited (海南復星礦業有限公司)	
		15. Director of Shanghai Beidesi Software Development Company Limited (上海貝得斯軟件開發有限公司)	
		16. Director of Shanghai Zhenyuan Information Technology Company Limited (上海臻元信息技術有限公司)	
		17. Director of Shanghai Yousai Software Development Company Limited (上海優賽軟件開發有限公司)	
		18. Director of Shanghai Disheng Software Development Company Limited (上海蒂晟軟件開發有限公司)	
		19. Director of Shanghai Guanyang Software Company Limited (上海冠揚軟件有限公司)	
		20. Director of Shanghai Lilai Electronic Technology Company Limited (上海勵徠電子科技有限公司)	
		21. Director of Shanghai Sijie Building Hardware Company Limited (上海司傑建築五金有限公司)	
		22. Director of Shanghai Fujie Computer System Company Limited (上海福傑計算機系統有限公司)	
		23. Director of Fuke Technology (Suzhou) Company Limited (復科科技(蘇州)有限公司)	
		24. Director of Fushang Trading (Suzhou) Company Limited (復商商貿(蘇州)有限公司)	
		25. Director of Fuson Technology (Nanning) Company Limited (復星科技(南寧)有限公司)	
		26. Director of Fuke Technology (Xi'an) Company Limited (復科科技(西安)有限公司)	
		27. Director of Fosun Investment Holdings Limited (復星投資控股有限公司)	

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

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<b>Name</b>	<b>Positions held within our Company</b>	<b>Positions held within the Fosun Group</b>	<b>Positions held within Sinopharm</b>
		28. Director of Fosun Finance Holdings Limited (復星金融控股有限公司)	
		29. Director of Jiantu Investment Company Limited (建圖投資有限公司)	
		30. Director of Peak Reinsurance Holdings Limited	
		31. Director of Peak Reinsurance Company Limited	
		32. Director of Shanghai Haizhimen Real Estate Investment Management Company Limited (上海海之門房地產投資管理有限公司)	
		33. Director of Shanghai Zhengda Waitan International Finance Service Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司)	
		34. Director of Shanghai Fosun Chuangye Investment Management Company Limited (上海復星創業投資管理有限公司)	

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

Name	Positions held within our Company	Positions held within the Fosun Group	Positions held within Sinopharm
Mr. Wang Qunbin .	Non-executive Director	<ol style="list-style-type: none"> <li>1. President and executive director of Fosun International</li> <li>2. President and director of Fosun High Tech</li> <li>3. Director of Nanjing Nangang Iron &amp; Steel United Company Limited (南京南鋼鋼鐵聯合有限公司)</li> <li>4. Director of Nanjing Iron &amp; Steel United Company Limited (南京鋼鐵聯合有限公司)</li> <li>5. Director of Shanghai Haizhimen Real Estate Investment Management Company Limited (上海海之門房地產投資管理有限公司)</li> <li>6. Director of Shanghai Zhengda Waitan International Finance Service Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司)</li> <li>7. Director of Forte</li> <li>8. Director of Peak Reinsurance Holdings Limited</li> <li>9. Director of Peak Reinsurance Company Limited</li> <li>10. Director of Shanghai Fosun Chuangfu Investment Management Company Limited (上海復星創富投資管理有限公司)</li> <li>11. Director of Shanghai Fosun Chuangye Investment Management Company Limited (上海復星創業投資管理有限公司)</li> <li>12. Director of Tibet Fosun Investment Management Company Limited (西藏復星投資管理有限公司)</li> </ol>	1. Non-executive director
Mr. Zhang Guozheng . . . . .	Non-executive Director	1. Senior assistant to the president and deputy general manager of the finance division of Fosun High Tech	Nil
Mr. Guan Yimin . .	Independent non-executive Director	Nil	Nil
Mr. Han Jiong . . .	Independent non-executive Director	Nil	Nil
Dr. Zhang Weijiong	Independent non-executive Director	Nil	Nil
Mr. Li Man-kiu Adrian David . . . .	Independent non-executive Director	Nil	Nil

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

Name	Positions held within our Company	Positions held within the Fosun Group	Positions held within Sinopharm
Mr. Liu Hailiang . .	Supervisor	Nil	1. Non-executive director
Mr. Wang Pinliang	Supervisor	1. Deputy general financial officer, general manager of the finance and accounting department and the general manager of the financial analysis department of Fosun High Tech	Nil
Mr. Cao Genxing .	Supervisor	Nil	Nil
14 members of our senior management team . . . . .	Senior management	Nil	1. Mr. Fan Banghan is a non-executive director of Sinopharm

Eight of our 23 member management team, namely, Messrs. Chen Qiyu, Yao Fang, Guo Guangchang, Wang Qunbin, Zhang Guozheng, Liu Hailiang, Wang Pinliang and Fan Banghan, hold positions in the Fosun Group and/or Sinopharm. Our Board is of the view that their roles with the Fosun Group and/or Sinopharm are beneficial to our Company, as their presence with our Company will ensure the continuity and stability of our operations and their individual expertise and experience are valuable to the strategic development of our Company. For more details of the relevant experience of our overlapping Directors (the “Overlapping Directors”), please refer to the section headed “Directors, Supervisors, Senior Management and Employees” in this prospectus.

Our Board believes that the positions held by Messrs. Chen Qiyu, Yao Fang, Guo Guangchang, Wang Qunbin, Zhang Guozheng, Liu Hailiang, Wang Pinliang and Fan Banghan in the Fosun Group and/or Sinopharm will not affect their abilities to discharge their fiduciary duties and duties of skill, care and diligence to our Company, on the basis that:

**Mr. Chen Qiyu:** Mr. Chen is an executive Director and chairman of our Company. Mr. Chen expects to spend more than 80% of his time managing the business operations of our Company. He will abstain from voting on resolutions regarding any transactions proposed to be entered into between our Company and the Fosun Group and/or any other connected companies. Mr. Chen is not involved in the daily operations of the Fosun Group but will attend its board meetings to provide strategic advice and guidance. Mr. Chen is also a vice president of Fosun International, which is a company listed on the Hong Kong Stock Exchange. His management focus is confined to the pharmaceutical sector and is not involved in the daily management and business operations of Fosun International. In view of his limited involvement in the management at the Fosun Group, Mr. Chen will continue to devote most of his time to the management of our Company. Mr. Chen is also a non-executive director of Sinopharm and does not have executive functions in Sinopharm and is not involved in its daily operations.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

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**Mr. Yao Fang:** Mr. Yao is an executive Director and vice chairman and general manager of our Company. Mr. Yao is mainly responsible for the daily operations of our Group. Mr. Yao is also the chief supervisor of Sinopharm and does not have executive functions in Sinopharm and is not involved in its daily operations.

**Mr. Guo Guangchang:** Mr. Guo is a non-executive Director of our Company. Mr. Guo is responsible for giving strategic advice and recommendations on the operations of our Company. Mr. Guo does not have executive functions in our Company and is not involved in our daily operations. Mr. Guo believes he will devote sufficient time to discharge his duties in our Group.

**Mr. Wang Qunbin:** Mr. Wang is a non-executive Director of our Company. Mr. Wang is responsible for giving strategic advice and guidance on the business and operations of our Company. Mr. Wang does not have any executive functions in our Company and is not involved in our daily operations. Mr. Wang is also a non-executive director of Sinopharm and he does not have executive functions in Sinopharm and is not involved in its daily operations.

**Mr. Zhang Guozheng:** Mr. Zhang is a non-executive Director of our Company. Mr. Zhang is responsible for giving strategic advice and guidance on the business and operations of our Company. Mr. Zhang does not have any executive functions in our Company and is not involved in our daily operations.

**Mr. Liu Hailiang:** Mr. Liu is the chief Supervisor of our Company. Mr. Liu is also a non-executive director of Sinopharm and he does not have executive functions in Sinopharm and is not involved in its daily operations.

**Mr. Wang Pinliang:** Mr. Wang is a Supervisor of our Company. Mr. Wang is also a deputy general financial officer, general manager of the finance and accounting department and the general manager of the financial analysis department of Fosun High Tech. Mr. Wang is responsible for overseeing the Board but does not have any executive functions in our Company.

**Mr. Fan Banghan:** Mr. Fan is a senior general deputy manager of our Company. Mr. Fan is mainly responsible for the strategic planning of the pharmaceutical distribution and retail division. Mr. Fan is also a non-executive director of Sinopharm and he does not have executive functions in Sinopharm and is not involved in its daily operations.

Each of our Directors is aware of his or her fiduciary duties as a Director of our Company which requires, among other things, that he or she should act for the benefit and in the best interests of our Company and avoid any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Please refer to the section headed “Connected Transactions” for details. In the event that all the Overlapping Directors are abstained from voting, the remaining Board, namely, Mr. Guan Yimin, Mr. Han Jiong, Dr. Zhang Weijiong and Mr. Li Man-kiu Adrian David, can still function properly taking into account of their expertise and experience. The day-to-day operation of our Company is mainly managed by our senior management who do not hold other positions within the Fosun Group and are our full-time employees. Please refer to the section headed “Directors, Supervisors, Senior Management and Employees” for their biographies. Further, when considering

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connected transactions, our independent non-executive Directors will review the relevant transactions, and can seek independent advice from external financial advisers if required. More than one-third of our Board is made up of independent non-executive Directors. Based on the historical transaction amounts incurred between Fosun Group and us during the Track Record Period, details of which have been disclosed in the section headed “Connected Transactions” of this prospectus, we consider such transactions are insignificant to our Group’s business. Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders following the Listing. Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei are our Controlling Shareholders. Being the co-founders of Fosun International Holdings, through its wholly-owned subsidiary, Fosun Holdings, they together hold approximately 79.08% shareholding of Fosun International. Fosun International, through its wholly-owned subsidiary, Fosun High Tech, holds approximately 48.20% of the total issued share capital of our Company as at the Latest Practicable Date. However, there is no shareholders agreement among the Controlling Shareholders in respect of, among others, voting arrangement and consensus building.

### *Operational Independence*

Our operations are independent of and not connected with any of our Controlling Shareholders. We hold all relevant licenses necessary to carry on our business and have sufficient capital, resources and employees to operate our businesses independently.

In addition, based on the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders following the Listing:

- we do not rely on the research and development or manufacturing capabilities of our Controlling Shareholders;
- we do not rely on the sales and distribution network of our Controlling Shareholders;
- we do not rely on the trademarks of our Controlling Shareholders; and
- we have our own administrative and corporate governance infrastructure and staff.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

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### *Financial Independence*

We have an independent financial system and make financial decisions according to our own business needs. Our Group is capable of obtaining external financing without reliance on our Controlling Shareholders. As at the Latest Practicable Date, pursuant to a guarantee agreement dated 8 November 2006, Fosun High Tech had provided guarantee in favour of International Finance Corporation in respect of the obligations of our Company under a loan agreement for a loan in the principal amount of RMB320,000,000. Our Directors confirmed that the aforesaid guarantee provided by Fosun High Tech will be released before the Listing. Our Directors confirm that as at the Latest Practicable Date, save as disclosed herein and in the paragraphs under “Financial Information — Indebtedness”, our Controlling Shareholders have not provided any guarantee or loan to us. Our Directors further confirm that any amount due to/from our Controlling Shareholders and any guarantee provided by our Controlling Shareholders will be settled or released prior to the Listing. On this basis, our Directors believe that we are financially independent from our Controlling Shareholders.

### **Controlling Shareholders and Directors’ Interests in Other Businesses**

#### *Shanghai Yuyuan*

As at the Latest Practicable Date, Fosun International, our Controlling Shareholder, holds through its indirect wholly owned subsidiary, Shanghai Fosun Industrial Investment, approximately a 17.26% equity interest in Shanghai Yuyuan, an insignificant part of the business of which is, among other things, manufacturing, wholesale and retail of modern Chinese medicines, Chinese herbal medicines, nutrition and healthcare supplements in the PRC. Shanghai Yuyuan is a company listed on the Shanghai Stock Exchange (stock code: 600655).

Based on the following considerations, our Directors are of the view that the business of the Shanghai Yuyuan Group might constitute potential competition against our business, but such potential competition is limited and insignificant, and would not materially affect our business:

- (i) **Different product mix and scope of business:** In the pharmaceutical business sector, Shanghai Yuyuan Group is mainly engaged in manufacturing, wholesale and retail of modern Chinese medicine, Chinese herbal medicine, and nutrition and healthcare supplements, whereas our Group is more focused on manufacturing, distributing and retailing of chemical drugs and biopharmaceutical drugs. Further, in addition to its pharmaceutical business, Shanghai Yuyuan is also engaged in retailing of gold and jewellerys, food and art crafts, catering services, property development, import and export, and electronic commerce. As disclosed in its 2011 annual report, Shanghai Yuyuan recorded a total revenue of approximately RMB16,604 million, of which only approximately RMB490 million was contributed by its pharmaceutical segment, representing approximately 2.95% of the total revenue of Shanghai Yuyuan for the year 2011; and
- (ii) **Insignificant shareholding in Shanghai Yuyuan:** Fosun International indirectly holds only approximately a 17.26% equity interest in Shanghai Yuyuan. Although Fosun International has three representatives on Shanghai Yuyuan’s board of directors comprising of eight directors in total, it does not control over 50% of the voting rights of the board.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

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### *BioSino Bio-Technology and Science Incorporation (“BioSino”)*

Mr. Yao Fang, our executive Director, and Dr. Qiao Zhicheng, our company secretary, are the non-executive directors of BioSino since 24 January 2011. BioSino, a company listed on the Hong Kong Stock Exchange (stock code: 08247), is a leading supplier of in-vitro diagnostic reagents in the PRC. BioSino, together with its subsidiaries (the “BioSino Group”), are principally engaged in the research and development, manufacturing, sale and distribution of in-vitro diagnostic reagents. It has an annual sales of approximately RMB184,150,000 and an annual net profit of approximately RMB18,928,000 for 2011. BioSino Group markets and sells its product mainly through agents in the PRC. Its keys customers are hospitals and other medical institutions whereas the key suppliers are the pharmaceuticals companies located within the region.

Our Directors are of the view that the business of the BioSino Group may constitute potential competition against our business, but such potential competition is limited and insignificant, and does not materially affect our business, as the diagnostic reagents products of the BioSino Group have a different product mix and are mainly sold to the northern part of China, whereas we mainly sell our diagnostic reagents products to the central and southern parts of China. As we target different markets geographically, there are no direct competition. As neither of Mr. Yao Fang nor Dr. Qiao Zhicheng is involved in the daily management of BioSino, and, save for Mr. Yao Fang and Dr. Qiao Zhicheng, none of our Directors, Supervisors and members of our senior management was serving any position in BioSino as at the Last Practicable Date, our Directors are of the view that the management of BioSino is independent of our Company.

Save as disclosed above, as at the Latest Practicable Date, none of our Controlling Shareholders, Directors, directors of any of our subsidiaries or their respective associates was interested in any business (other than our Group) which, directly or indirectly, competes or is likely to compete with our business. Also, all the healthcare and pharmaceutical business of Fosun International, our Controlling Shareholder, is operated through our Company.

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### Deed of Non-Competition

To better safeguard our Group from any potential competition, each of our Controlling Shareholders (collectively, the “Covenantors”) has entered into the Deed of Non-Competition with our Company to the effect that:

- (a) save for the Covenantors’ indirect interest in Shanghai Yuyuan, and other interests in companies in which the Covenantors and their respective associates may have from time to time in future but will not have control over the same, the Covenantors will and subject to any applicable laws, regulations or stock exchange rules, use their commercially reasonable efforts to procure those companies and other business entities which are primarily controlled by the relevant Covenantors (other than our Group) not to engage in any business in China and Hong Kong which is of similar nature to our Group’s pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices businesses (“Restricted Businesses”), so long as (i) our Shares remain listed on the Hong Kong Stock Exchange (and for this purpose, including any period during which the trading of our Shares on the Hong Kong Stock Exchange is suspended for whatever reason); (ii) our Group has any interest, whether directly or indirectly, in any members of our Group which engages in any of the Restricted Businesses; and (iii) each of the Covenantors remains as a Controlling Shareholder of our Company; and
- (b) subject always to its obligation referred to in (a) above, if any of the Covenantors obtains any business opportunity in China and Hong Kong which competes or is likely to compete with the Restricted Businesses (“Business Opportunity”), it will promptly notify our Company of such Business Opportunity and will first offer it to our Company on terms and conditions no less favourable than those offered to the Covenantors, any of the associates of the Covenantors or any other third party. Such Business Opportunity will be reviewed by our independent non-executive Directors.

The Covenantors have also undertaken to provide our Company with all information necessary for the enforcement of our rights under the Deed of Non-Competition undertaking. In particular, the Covenantors will be required to provide all such information as may reasonably be requested by our Company from time to time relating to the Restricted Businesses and such other business opportunities or activities related to any business of our Group as our Company may reasonably believe are available to the Covenantors or that the Covenantors may be planning to participate in, as well as access to appropriate staff members of the Covenantors to discuss and obtain such information, in order to enable us to consider whether to exercise any of our rights under the Deed of Non-Competition undertaking.

The Covenantors have further undertaken to provide our Company with an annual declaration of compliance for inclusion in our annual report.

In addition, we will disclose all decisions, if any, on matters reviewed by our independent non-executive Directors relating to the enforcement of the Deed of Non-Competition undertaking in our annual report or by way of public announcements, in addition to complying with the applicable disclosure requirements under the Hong Kong Listing Rules. In particular, if the Business Opportunity is turned down by our Company under the Deed of Non-Competition undertaking, all such rejections and the relevant basis will be included in our annual report. Any decision relating to the exercise of any of our rights under the Deed of Non-Competition undertaking shall be made by our independent non-executive Directors.

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If we decide to exercise any of our rights granted under the Deed of Non-Competition undertaking, we will comply with the applicable requirements under the Hong Kong Listing Rules. The Covenantors will not take any step (direct or indirect) to influence the judgement of our independent non-executive Directors.

Save as disclosed in the prospectus, none of the Covenantors is interested in any business apart from the business operated by members of our Group which competes or is likely to compete, directly or indirectly, with our Group's business under Rule 8.10 of the Hong Kong Listing Rules.

### **Non-disposal Undertakings Given by Our Controlling Shareholders**

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, each of our Controlling Shareholders has, jointly and severally, undertaken with our Company and the Hong Kong Stock Exchange that each of them shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "First Six-Month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owner(s); and
- (b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be our Controlling Shareholders of our Company, i.e. they cease to control 30% or more of the voting power at general meetings of our Company.

Further, each of our Controlling Shareholders has, jointly and severally, undertaken with our Company and the Hong Kong Stock Exchange that within a period commencing from the Listing Date and ending on the date on which is the first anniversary of the Listing Date, he or she or it shall:

- (a) when he or she or it pledges or charges any securities beneficially owned by him or her or it in favor of an authorized institution (as defined under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (b) when he or she or it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

## **II. RELATIONSHIP WITH OUR DIRECTORS**

As at the Latest Practicable Date, Mr. Chen Qiyu, our executive Director and chairman, held 114,075 A Shares in our Company; Mr. Guo Guangchang, our non-executive Director, held 114,075 A Shares in our Company; Mr. Wang Qunbin, our non-executive Director, held 114,075 A Shares in our Company; and Mr. Fu Jiemin, our deputy general manager, held 10,140 A Shares in our Company. Save as disclosed, none of our Directors, Supervisors or members of our senior management held any Shares in our Company.