

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

We were incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on May 13, 2011. Our registered office is situated at the Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. We have established a principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and have registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on September 10, 2013. Mr. JIANG Liwei and Mr. William FU have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong at the above address.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of US\$50,000, divided into 50,000 shares with a par value of US\$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- (a) On May 13, 2011, one subscriber share of par value US\$1.00 of our Company was issued at par, and the said subscriber share was subsequently transferred to Ms. Yufeng LIU on the same date;
- (b) On May 13, 2011, a total of 99 shares of par value US\$1.00 of our Company shares were issued to Ms. Yufeng LIU for a consideration of US\$99;
- (c) On September 13, 2012, Ms. Yufeng LIU transferred 100 shares of par value US\$1.00 each of our Company to Cross Mark for a consideration of US\$100;
- (d) Pursuant to a special resolution of the shareholder dated January 18, 2013, the authorized share capital of our Company was altered from US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each to US\$50,000 divided into 500,000,000 shares of a nominal or par value of US\$0.0001 each;
- (e) On February 4, 2013, our Company allotted 62,560,163 Shares of par value US\$0.0001 each to Cross Mark for a consideration of US\$62,560,163;
- (f) On February 22, 2013, Cross Mark transferred 3,572,081 Shares of par value US\$0.0001 each to Sparkle Wealthy and 12,317,324 Shares of par value US\$0.0001 each to Right Faith for US\$4,500,000 and US\$15,500,000, respectively;

- (g) On March 7, 2013, Cross Mark transferred 15,890,041 Shares of par value US\$0.0001 each to WP X for a consideration of US\$46,274,874;
- (h) In connection with the Reorganization, pursuant to a share subscription agreement dated May 8, 2013, our Company acquired the 100% equity interest in PWM Investment from Cross Mark, WP X and Sparkle Wealthy, and as consideration therefor, our Company allotted and issued 11,197,532 Shares, 9,811,378 Shares and 649,760 Shares to Cross Mark, WP X and Sparkle Wealthy, respectively;
- (i) On May 29, 2013, our Company allotted and issued 3,126,308 Shares of par value US\$0.0001 each to Sparkle Wealthy and 5,929,204 Shares of par value US\$0.0001 each to Right Faith for US\$9,382,381 and US\$17,794,170, respectively; and
- (j) Pursuant to a Shareholders' resolution passed on October 14, 2013, the authorized share capital of our Company was increased from US\$50,000 divided into 500,000,000 shares of par value US\$0.0001 each to US\$500,000 divided into 5,000,000,000 shares of par value US\$0.0001 each.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions in Writing of the Shareholders of Our Company Passed on July 3, 2013 and on October 14, 2013

Pursuant to the resolutions in writing passed by our Shareholders on July 3, 2013, among other matters, the rules of the Pre-IPO Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by our Board were authorized, at their sole discretion, to grant options to subscribe for Shares under the Pre-IPO Share Option Scheme and to allot and issue Shares pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme. The Pre-IPO Option Scheme was amended pursuant to the resolutions by our Shareholders on October 14, 2013.

Pursuant to the resolutions in writing passed by our shareholders on October 14, 2013:

- (a) our Company increased its authorized share capital from US\$50,000 divided into 500,000,000 shares of par value US\$0.0001 each to US\$500,000 divided into 5,000,000,000 shares of par value US\$0.0001 each by the creation of 4,500,000,000 shares of par value US\$0.0001 each, each ranking pari passu in all respects with the Shares in issue as at the date of passing of these resolutions; and

(b) our Company approved and adopted the Memorandum and the Articles.

4. Resolutions in Writing of the Shareholders of Our Company Passed on October 14, 2013

Pursuant to the resolutions in writing passed by our shareholders on October 14, 2013, among other matters:

- (a) conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, the Directors were authorized to allot and issue a total of 1,105,725,655 Shares standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par US\$0.0001 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on November 4, 2013 or as each of them may direct in proportion to their respective shareholdings (as nearly as possible without involving fractions) in our Company, and the Shares to be allotted and issued shall rank pari passu in all respects with the existing issued Shares.
- (b) conditional on (i) the listing committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue, and the Offer Shares as mentioned in this prospectus (including any Shares that may be issued pursuant to the exercise of the Over-allotment Option) and any options granted under the Pre-IPO Share Option Scheme and Share Option Scheme; (ii) the entering into, execution and delivery of the International Underwriting Agreement and the Price Determination Agreement on or around the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms of such agreements or otherwise:
 - (i) the Global Offering be approved and our Directors be authorized to allot and issue the new Shares pursuant to the Global Offering;
 - (ii) the proposed Listing of the Shares on the Main Board be approved and our Directors be authorized to implement such Listing; and
 - (iii) the Over-allotment Option be approved and our Directors be authorized to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option;

- (c) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by our Board were authorized, at their sole discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of options granted under the Share Option Scheme;
- (d) a general unconditional mandate was given to our Directors to allot, issue and otherwise deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, the Over-allotment Option, a rights issue or the exercise of any subscription rights which may be granted under the Pre-IPO Share Option Scheme, the Share Option Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted by our Company's shareholders) with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering;
- (e) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase for cancellation the Shares representing up to 10% of its share capital in issue, immediately following completion of the Global Offering (excluding the Shares which may be issued upon the execution of the Over-allotment Option); and
- (f) the general unconditional mandate as mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above.

Each of the general mandates referred to in paragraphs (e), (f) and (g) above will remain in effect until the earlier of (i) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or (ii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

5. Our Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. Please refer to the section headed "History and Corporate Development" to this prospectus for further details.

6. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountant's Report, we do not have any other subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

- (a) on September 17, 2012, PWM Investment issued and allotted 309 shares to Sparkle Wealthy for a consideration of US\$956,235.
- (b) on September 27, 2012, PWM Investment issued and allotted 116 and 1,755 shares to Sparkle Wealthy and WP X for US\$515,922 and US\$7,805,519, respectively.
- (c) on October 26, 2012, Walkman Biomaterial increased its registered capital from RMB20.39 million to RMB25.74 million.
- (d) on December 17, 2012, PWM Investment issued and allotted 2003 shares to Cross Mark for a consideration of US\$8,230,389.
- (e) on February 19, 2013, Yingshang Technological increased its registered capital from RMB1 million to RMB6 million.
- (f) on March 29, 2013, Tianqiong Investment increased its registered capital from RMB1 million to RMB7 million.
- (g) on January 25, 2013, Bone Medical increased its registered capital from RMB1 million to RMB1.35 million.
- (h) on May 13, 2013, Walkman Biomaterial increased its registered capital from RMB25.74 million to RMB100 million.
- (i) on June 18, 2013, Fert Technology increased its registered capital from RMB16 million to RMB66 million.

Save as disclosed in this prospectus, there has been no alteration in the share capital or registered capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

7. Further information about our PRC establishments

We have interest in the registered capital of 11 companies in the PRC. A summary of the corporate information as at the Latest Practicable Date is set out as follows:

Name: PW Medtech (Beijing)
 Date of establishment: August 10, 2000
 Place of incorporation: PRC
 Nature: Limited liability company
 (solely owned by a Taiwan, Hong Kong or Macau legal person)
 Registered Capital: RMB4.3 million (fully paid up)

Name: Fert Technology
 Date of establishment: September 23, 1997
 Place of incorporation: PRC
 Nature: Limited liability company
 (sino-foreign joint venture)
 Registered Capital: RMB66 million (approximately RMB46.19 million paid as of the Latest Practicable Date)

Name: Zhong Jie Tian Gong
 Date of establishment: September 22, 2011
 Place of incorporation: PRC
 Nature: Limited liability company
 (solely owned by legal person)
 Registered Capital: RMB10 million (fully paid up)

Name: Shandong Fert
 Date of establishment: January 8, 2013
 Place of incorporation: PRC
 Nature: Limited liability company
 (solely owned by legal person)
 Registered Capital: RMB10 million (fully paid up)

Name: Yijia Medical
 Date of establishment: June 30, 2003
 Place of incorporation: PRC
 Nature: Limited liability company
 (solely owned by legal person)
 Registered Capital: RMB7 million (fully paid up)

Name: Walkman Biomaterial
Date of establishment: November 8, 2001
Place of incorporation: PRC
Nature: Limited liability company
(Taiwan, Hong Kong, Macau and PRC joint venture)
Registered Capital: RMB100 million (approximately RMB95.75 million paid as of the Latest Practicable Date)

Name: Weili Medical
Date of establishment: August 12, 1996
Place of incorporation: PRC
Nature: One person limited liability company
Registered Capital: RMB3 million (fully paid up)

Name: Shenge Bioengineering
Date of establishment: March 21, 2006
Place of incorporation: PRC
Nature: Limited liability company
(solely owned by legal person)
Registered Capital: RMB10 million (fully paid up)

Name: Yingshang Technological
Date of establishment: October 16, 2009
Place of incorporation: PRC
Nature: Limited liability company
(solely owned by a legal person)
Registered Capital: RMB6 million (fully paid up)

Name: Tianqiong Investment
Date of establishment: January 30, 2013
Place of incorporation: PRC
Nature: Limited liability company
(solely owned by a Taiwan, Hong Kong or Macau legal person)
Registered Capital: RMB7 million (fully paid up)

Name: Bone Medical
Date of establishment: November 12, 2002
Place of incorporation: PRC
Nature: Limited liability company
(Sino-foreign joint venture)
Registered Capital: Approximately RMB1.35 million (fully paid up)

8. Repurchases of Our Own Shares

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange. This section includes information relating to the repurchase by us of our own Shares, including information required by the Stock Exchange to be included in this prospectus concerning the repurchase.

(a) *Shareholders' approval*

All our proposed repurchases of Shares (which must be fully-paid up) must be approved in advance by an ordinary resolution of our Shareholders at a general meeting, either by way of general mandate or by specific approval of a particular transaction. On October 14, 2013, our Directors were granted a general unconditional mandate ("**Repurchase Mandate**") to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the Global Offering on the Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose. This mandate will expire at: (i) the conclusion of the next annual general meeting of our Company; (ii) the date by which the next annual general meeting of our Company is required to be held by the Articles or any applicable law; or (iii) the day on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting of our Company, whichever occurs first.

Under the Listing Rules, the shares which are proposed to be repurchased by a company must be fully paid up.

(b) *Number of shares which may be repurchased*

Exercising in full of the Repurchase Mandate, on the basis of 1,600,000,000 Shares in issue immediately after completion of the Global offering, but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme/Share Option Scheme, could accordingly result in up to 160,000,000 Shares being repurchased by us during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the section headed "7. Repurchase of our Own Shares — (a) Shareholders' approval" in this appendix.

(c) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable us to repurchase Shares in the market. Such Share repurchases may, depending on market conditions and funding arrangements at the time, lead to

an enhancement of the net value of our Company and our assets and/or our earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) *Funding of repurchase*

Repurchases by our Company must be funded out of funds legally available for such purpose in accordance with the Articles of Association, the Cayman Companies Law, the applicable laws and regulations of the Cayman Islands and the Listing Rules. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

We will make repurchases pursuant to the Repurchase Mandate out of funds legally available for such purpose, including out of profits of our Company, out of the share premium account of our Company or out of the proceeds of a fresh issue of shares made for such purpose or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of either or both of the profits of our Company or out of sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital.

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

(e) *Status of repurchased shares*

The listing of all repurchased shares (whether effected on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed. Under the laws of the Cayman Islands, the repurchased Shares shall be treated as cancelled and the amount of our Company's issued share capital shall be reduced by the aggregate nominal value of the repurchased Shares accordingly, although the authorized share capital of our Company will not be reduced.

(f) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option and the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

Our Company is required to procure that the broker (appointed by our Company to effect a repurchase of Shares) will disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(g) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time when the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of: (i) the date of our board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of our shares on the Stock Exchange if our Company has breached the Listing Rules.

(h) *Procedural and reporting requirements*

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(i) *Directors' undertakings*

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands and the Articles of Association.

(j) *Takeovers code*

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and the provisions may apply as a result of any such increase. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

If the repurchase mandate is fully exercised immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the repurchase mandate shall be 160,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions.)

(k) *Share repurchase made by our Company*

No repurchase of Shares has been made by our Company since its incorporation.

(l) *Connected parties*

Our Company is prohibited from knowingly purchasing Shares on the Stock Exchange from a connected person (as defined under the Listing Rules), and a connected person shall not knowingly sell his or her or its shares to our Company on the Stock Exchange.

As of the Latest Practicable Date, none of our Directors, nor to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to us or any of our subsidiaries if the Repurchase Mandate is exercised. As of the Latest Practicable Date, no connected person of our Company has notified us that he, she or it has a present intention to sell any Shares to us or any of our subsidiaries, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) a share transfer agreement dated December 2, 2011 entered into between Ms. WAN Li and Walkman Biomaterial, pursuant to which Ms. WAN Li agreed to transfer her 80% equity interest in Yinger Biotechnology to Walkman Biomaterial;
- (b) a share transfer agreement dated December 2, 2011 entered into between Mr. BI Hongwei and Walkman Biomaterial, pursuant to which Mr. BI Hongwei agreed to transfer his 20% equity interest in Yinger Biotechnology to Walkman Biomaterial;
- (c) a capital contribution agreement dated December 13, 2011 entered into among Walkman Biomaterial, Zhong Jian Kang Da and Renli Orthopedic, pursuant to which Walkman Biomaterial agreed to subscribe for 35% of the increased registered capital of Renli Orthopedic for a consideration of RMB7,933,100;

- (d) a share transfer agreement dated January 12, 2012 entered into between Mr. HUA Wei and Fert Technology, pursuant to which Mr. HUA Wei agreed to transfer his equity contribution of RMB250,000 in Zhong Jie Tian Gong to Fert Technology;
- (e) a share transfer agreement dated January 12, 2012 entered into between Mr. ZHANG Wendong and Fert Technology, pursuant to which Mr. ZHANG Wendong agreed to transfer his equity contribution of RMB9.75 million in Zhong Jie Tian Gong to Fert Technology;
- (f) a share transfer agreement dated June 6, 2012 entered into between Langjing Technology and Health Access, pursuant to which Langjing Technology agreed to transfer its 44.375% equity interest in Fert Technology to Health Access for a consideration of RMB180 million;
- (g) a share transfer agreement dated July 10, 2012 entered into between Beijing Bright Westward Investment Consultancy Co., Ltd., or Beijing Westward, and Mr. RAN Nianmo, pursuant to which Beijing Westward agreed to transfer its 10% equity interest in Fert Device to Mr. RAN Nianmo for a consideration of RMB0.1 million;
- (h) a capital contribution agreement dated August 28, 2012 entered among Health Forward, Walkman Biomaterial, PWM Investment and Yingshang Technological, pursuant to which PWM Investment agreed to inject in a foreign currency equivalent to RMB105 million into Walkman Biomaterial and increase its shareholding therein to 53.38%;
- (i) a subscription agreement dated September 12, 2012 entered into between Sparkle Wealthy and PWM Investment, pursuant to which Sparkle Wealthy agreed to subscribe for 309 shares in PWM Investment for a consideration of US\$956,235;
- (j) a share subscription agreement dated September 20, 2012 entered into between Sparkle Wealthy and PWM Investment, pursuant to which Sparkle Wealthy agreed to subscribe for 116 shares in PWM Investment for a consideration of US\$516,468;
- (k) a share subscription agreement dated September 20, 2012 entered into between WP X and PWM Investment, pursuant to which WP X agreed to subscribe for 1,755 shares in PWM Investment for a consideration of US\$7,805,519;

- (l) a share transfer agreement dated October 24, 2012 entered into between Xiehong Investment, PWM Investment and Walkman Biomaterial, pursuant to which Xiehong Investment agreed to transfer its 30.7692% and 15.3846% equity interest in Bone Medical to PWM Investment and Walkman Biomaterial for RMB40 million and RMB20 million, respectively;
- (m) a share subscription agreement dated December 17, 2012 entered into between Cross Mark and PWM Investment, pursuant to which Cross Mark agreed to subscribe for 2,003 shares in PWM Investment for US\$8,230,389;
- (n) a share purchase agreement dated February 26, 2013 entered into among Pyholding Limited, Cross Mark, Health Access, Beijing Westward, Fert Technology, Ms. Yue'e ZHANG and WP X, pursuant to which Cross Mark agreed to transfer its 15,890,041 shares in Pyholding Limited to WP X in settlement of a loan in the principal amount of US\$46,274,873 borrowed by Ms. Yue'e ZHANG and subsequently assigned to Cross Mark;
- (o) a capital contribution agreement dated March 1, 2013 entered among Health Forward, Walkman Biomaterial, PWM Investment and Yingshang Technological, pursuant to which the parties agreed to increase the registered capital of Walkman Biomaterial to RMB100 million by converting RMB74,257,625 from its capital reserves;
- (p) a share transfer agreement dated March 27, 2013 entered into between Ms. WAN Li and Tianqiong Investment, pursuant to which Ms. WAN Li agreed to transfer her 80% equity interest in Yingshang Technological to Tianqiong Investment;
- (q) a share transfer agreement dated March 27, 2013 entered into between Mr. BI Hongwei and Tianqiong Investment, pursuant to which Mr. BI Hongwei agreed to transfer his 20% equity interest in Yingshang Technological to Tianqiong Investment;
- (r) a capital contribution agreement dated March 28, 2013 entered into among Health Access, PW Medtech (Beijing) and Fert Technology, pursuant to which Health Access agreed to inject in U.S. dollars equivalent to RMB50 million into Fert Technology and increase its shareholding therein to 86.515%;
- (s) a share transfer agreement dated April 18, 2013 entered into among PWM Investment, Ms. WAN Li and Mr. BI Hongwei, pursuant to which PWM Investment agreed to acquire the entire equity interest in Tianqiong Investment from Ms. WAN Li and Mr. BI Hongwei for a total consideration of RMB120 million;











- (t) a share transfer agreement dated April 28, 2013 entered into among Fert Technology, Mr. LU Jingli, Ms. LIU Xingling and Mr. LU Jingquan, pursuant to which Fert Technology agreed to acquire the entire equity interest in Yijia Medical from them for a consideration of RMB20 million;
- (u) a share subscription agreement dated May 8, 2013 entered into among Pyholding Limited, Cross Mark, WP X and Sparkle Wealthy, pursuant to which Pyholding Limited agreed to acquire the entire equity interest in PWM Investment from each of Cross Mark, WP X and Sparkle Wealthy in exchange for 21,658,670 shares in Pyholding Limited;
- (v) a share transfer agreement dated May 9, 2013 entered into between Xiehong Investment, Mr. WU Dong and PWM Investment, pursuant to which Xiehong Investment and Mr. WU Dong agreed to transfer their respective 39.2571% and 0.7429% equity interests in Bone Medical to PWM Investment for RMB57,354,623 and RMB1,085,377, respectively;
- (w) a share subscription agreement dated May 24, 2013 entered into among Pyholding Limited, Right Faith and Sparkle Wealthy, pursuant to which Right Faith and Sparkle Wealthy agreed to subscribe for 5,929,204 shares and 3,126,308 shares in Pyholding Limited for US\$17,794,170 and US\$9,382,381, respectively;
- (x) a share transfer agreement dated August 20, 2013 entered into between Walkman Biomaterial and Mr. YANG Fan, pursuant to which Walkman Biomaterial agreed to transfer its 35% equity interest in Renli Orthopedic to Mr. YANG Fan for a consideration of RMB10.82 million;
- (y) a share transfer agreement dated August 20, 2013 entered into between Walkman Biomaterial and Mr. YANG Fan, pursuant to which Walkman Biomaterial agreed to transfer its entire equity interest in Yinger Biotechnology to Mr. YANG Fan for a consideration of RMB8.58 million; and
- (z) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of our Group








As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

(i) As of the Latest Practicable Date, we have registered the following trademarks in the PRC:

No.	Trademark	Class	Registered Owner	Place Registration	Registration Number	Effective Date	Expiry Date
1.		10	Walkman Biomaterial	PRC	8279026	July 28, 2011	July 27, 2021
2.		10	Walkman Biomaterial	PRC	7571749	December 21, 2010	December 20, 2020
3.		10	Walkman Biomaterial	PRC	10721590	June 7, 2013	June 6, 2023
4.		10	Fert Technology	PRC	1535423	March 7, 2011	March 6, 2021
5.		34	Fert Technology	PRC	5246516	March 28, 2009	March 27, 2019
6.		7	Fert Technology	PRC	5246515	April 14, 2009	April 13, 2019
7.		9	Fert Technology	PRC	5246514	April 21, 2009	April 20, 2019
8.		10	Fert Technology	PRC	5246518	April 14, 2009	April 13, 2019
9.		11	Fert Technology	PRC	5246517	May 28, 2009	May 27, 2019
10.		10	Bone Medical	PRC	3424447	September 14, 2004	September 13, 2014

(ii) As of the Latest Practicable Date, we have applied for the registration of the following trademark in the PRC:

No.	Trademark	Name of Applicant	Type and Class	Application Date	Application Number	Place of Application
1.		Walkman Biomaterial	10	April 5, 2012	10721589	PRC
2.		Fert Technology	10	May 27, 2013	12655103	PRC
3.		Fert Technology	10	May 27, 2013	12655197	PRC
4.		Fert Technology	10	May 27, 2013	12655016	PRC
5.		PW Medtech	10	August 22, 2013	302713329	Hong Kong
6.		PW Medtech	10	August 22, 2013	302713347	Hong Kong
7.		PW Medtech	10	August 22, 2013	302713338	Hong Kong

(b) *Domain Names*

(i) As of the Latest Practicable Date, we have registered the following domain names:

No.	Domain Name	Registered Owner	Date of Registration	Expiry Date
1.	pwmedtech.com	Fert Technology	March 19, 2013	March 19, 2016
2.	fert-pwm.com	Fert Technology	April 18, 2013	April 18, 2017
3.	bone-pwm.com	Fert Technology	April 18, 2013	April 18, 2017
4.	walkman-pwm.com	Fert Technology	April 18, 2013	April 18, 2017
5.	china-puma.com.cn	Fert Technology	March 20, 2013	March 20, 2016
6.	china-pwhs.com	Fert Technology	March 13, 2013	March 14, 2016
7.	china-phhs.com	Fert Technology	March 11, 2013	March 12, 2016
8.	china-walkman.com	Fert Technology	February 3, 2013	February 4, 2016

<u>No.</u>	<u>Domain Name</u>	<u>Registered Owner</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
9.	china-walkman.cn	Fert Technology	February 4, 2013	February 4, 2016
10.	china-walkman.com.cn	Fert Technology	February 4, 2013	February 4, 2016
11.	china-fert.com	Fert Technology	March 27, 2001	March 27, 2018
12.	威曼 • 中国	Walkman Biomaterial	December 26, 2012	December 20, 2017
13.	威曼.cn	Walkman Biomaterial	December 26, 2012	December 20, 2017
14.	威曼生物 • 中国	Walkman Biomaterial	May 4, 2009	May 4, 2019
15.	Walkman.com.cn	Walkman Biomaterial	April 23, 2004	April 23, 2016
16.	bone-med.com	Bone Medical	March 23, 2005	March 23, 2014

(c) *Utility Patents*

- (i) As of the Latest Practicable Date, we have registered the following utility patents in the PRC:

<u>No.</u>	<u>Registered Owner</u>	<u>Title of Utility</u>	<u>Registration Number</u>	<u>Place of Registration</u>	<u>Effective Date</u>	<u>Expiry Date</u>
1.	Fert Technology	An automatic air vent for infusion	ZL200920222962.6	PRC	September 28, 2009	September 27, 2019
2.	Fert Technology	A type of composite pipe for blood transfusion	ZL200920292428.2	PRC	December 8, 2009	December 7, 2019
3.	Fert Technology	A type of composite pipe for infusion	ZL200820109658.6	PRC	August 6, 2008	August 5, 2018
4.	Fert Technology	A composite opaque medical tubing	ZL200920105980.6	PRC	February 20, 2009	February 19, 2019
5.	Fert Technology	A type of composite drip chamber for infusion	ZL201120239439.1	PRC	July 8, 2011	July 7, 2021
6.	Fert Technology	A type of disposable needle insertion plastic bottle	ZL201120239430.0	PRC	July 8, 2011	July 7, 2021
7.	Fert Technology	A type of composite opaque syringe	ZL201220033535.5	PRC	February 3, 2012	February 2, 2022
8.	Fert Technology	A portable pressure infusion device (bibliographic change)	ZL200920107094.7	PRC	June 12, 2012	May 25, 2019

<u>No.</u>	<u>Registered Owner</u>	<u>Title of Utility</u>	<u>Registration Number</u>	<u>Place of Registration</u>	<u>Effective Date</u>	<u>Expiry Date</u>
9.	Fert Technology	An automatic liquid stoppage protective cap	ZL201220724143.3	PRC	December 26, 2012	December 25, 2022
10.	Fert Technology	A flow setting tuning device	ZL201320129832.4	PRC	March 21, 2013	March 20, 2023
11.	Walkman Biomaterial	A split-ball spinal fixation system	ZL200520027807.0	PRC	July 18, 2007	October 19, 2015
12.	Walkman Biomaterial	A split-ball spinal fixation system (sacral plate)	ZL200620025658.9	PRC	February 13, 2008	March 28, 2016
13.	Walkman Biomaterial	A split-ball spinal fixation system (laminar hooks)	ZL200620025659.3	PRC	February 13, 2008	March 28, 2016
14.	Walkman Biomaterial	A type of dynamic elastic spinal fixation device	ZL200820073752.0	PRC	August 19, 2009	January 24, 2018
15.	Walkman Biomaterial	A new type of transverse connector	ZL201220379658.4	PRC	March 13, 2013	August 1, 2022
16.	Walkman Biomaterial	An anti-sinking screw-in hip prosthesis	ZL200620025105.3	PRC	December 12, 2007	January 4, 2016
17.	Walkman Biomaterial	A type of stress-control interlocking intramedullary nail	ZL200620131400.7	PRC	October 24, 2007	August 23, 2016
18.	Walkman Biomaterial	A type of stress-control interlocking intramedullary nail for tibia	ZL200720143754.8	PRC	February 20, 2008	April 4, 2017
19.	Walkman Biomaterial	A new type of U-shaped pedicle screw	ZL201220379659.9	PRC	March 27, 2013	August 1, 2022
20.	Bone Medical	A type of piston for adding bone cement	ZL200820235419.5	PRC	December 23, 2008	December 22, 2018
21.	Bone Medical	A type of funnel for adding bone cement	ZL200820235420.8	PRC	December 23, 2008	December 22, 2018
22.	Bone Medical	A type of catheter to add in bone cement	ZL200820235417.6	PRC	December 23, 2008	December 22, 2018
23.	Bone Medical	A type of casing to add in bone cement	ZL200820235418.0	PRC	December 23, 2008	December 22, 2018

<u>No.</u>	<u>Registered Owner</u>	<u>Title of Utility</u>	<u>Registration Number</u>	<u>Place of Registration</u>	<u>Effective Date</u>	<u>Expiry Date</u>
24.	Bone Medical	A type of osteonecrosis supporter device	ZL200920131183.5	PRC	May 7, 2009	May 6, 2019
25.	Shengge Bioengineering	A type of dynamic elastic spinal fixation system	ZL200820073951.1	PRC	February 28, 2008	February 27, 2018

(ii) As of the Latest Practicable Date, Fert Technology has exclusively licensed from the General Hospital of the People's Liberation Army (中國人民解放軍總醫院) the following patents which are material to our business:

<u>No.</u>	<u>Registered Owner</u>	<u>Title of Utility</u>	<u>Registration Number</u>	<u>Place of Registration</u>	<u>Effective Date</u>	<u>Expiry Date</u>
1.	General Hospital of the People's Liberation Army	Artificial auditory ossicles	ZL200320105621.0	PRC	December 30, 2011	January 23, 2019
2.	General Hospital of the People's Liberation Army	Artificial incus	ZL200820079030.6	PRC	December 30, 2011	February 27, 2018

(d) *Invention Patents*

(i) As of the Latest Practicable Date, we have registered the following invention patents in the PRC:

<u>No.</u>	<u>Registered Owner</u>	<u>Title of Invention</u>	<u>Registration Number</u>	<u>Place of Registration</u>	<u>Effective Date</u>	<u>Expiry Date</u>
1.	Walkman Biomaterial	A type of wrist-acetabular prosthetic device	ZL200910069050.4	PRC	August 8, 2012	May 30, 2029
2.	Walkman Biomaterial	An automated micro-interlocking intramedullary nail	ZL00114521.5	PRC	October 8, 2003	April 24, 2020

(ii) As of the Latest Practicable Date, we have applied for the registration of the following invention patents:

<u>No.</u>	<u>Registrant</u>	<u>Title of Invention</u>	<u>Application Number</u>	<u>Place of Application</u>	<u>Date of Application</u>
1.	Fert Technology	A method for testing the tightness of ventilation windows filter	ZL201210439348.1	PRC	November 7, 2012
2.	Fert Technology	An automatic liquid stoppage protective cap	ZL201210570317.X	PRC	December 26, 2012
3.	Fert Technology	A flow setting tuning device	ZL201310091196.5	PRC	March 21, 2013
4.	Fert Technology	A type of composite opaque syringe	ZL201210023538.5	PRC	February 3, 2012
5.	Fert Technology	An automatic air vent infusion device	ZL200910093070.5	PRC	September 28, 2009
6.	Walkman Biomaterial	An anti-back wire pedicle screw	ZL201220597000.0	PRC	November 14, 2012
7.	Walkman Biomaterial	An easy low-notch universal pedicle screw	ZL201220597038.8	PRC	November 14, 2012
8.	Walkman Biomaterial	An adjustable locking porous mixture device	ZL201320021728.3	PRC	January 16, 2013
9.	Walkman Biomaterial	A universal spinal transverse connector	ZL201320035745.2	PRC	January 24, 2013

(e) Design Patent

(i) As of the Latest Practicable Date, we have registered the following design patent in the PRC:

<u>No.</u>	<u>Registered Owner</u>	<u>Title of Design</u>	<u>Registration Number</u>	<u>Place of Registration</u>	<u>Effective Date</u>	<u>Expiry Date</u>
1.	Bone Medical	A bone cement injecting gun	ZL200930162404.0	PRC	January 5, 2009	January 4, 2019

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of our Directors and the Chief Executive of Our Company*

Immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme, the interests or short positions of our Directors and chief executive of our Company in our Shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

<u>Name of Director</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Underlying Shares</u>	<u>Approximate % of shareholding interest immediately following the completion of the Global Offering (before exercise of the Over-allotment Option and any option granted under Pre-IPO Share Option Scheme)</u>
Mr. JIANG Liwei	Beneficial Owner	6,369,427	0.40%
Mr. LIN Junshan	Beneficial Owner	12,738,854	0.80%
Ms. Yue'e ZHANG	Beneficial Owner	2,547,771	0.16%
Mr. CHEN Geng	Beneficial Owner	1,273,885	0.08%
Mr. WANG Xiaogang	Beneficial Owner	1,273,885	0.08%

Note: Interest of Directors under options granted pursuant to Pre-IPO Share Option Scheme. Mr. JIANG Liwei is also the chief executive officer of our Company.

(b) *Interests of the Substantial Shareholders*

So far as is known to any Director or chief executive of our Company, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-

allotment Option or the options which may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme, the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of our subsidiaries:

<u>Name</u>	<u>Nature of Interest and Capacity</u>	<u>Immediately following the completion of the Global Offering</u>	
		<u>Number of Shares Held</u>	<u>Approximate % of Interest</u>
Ms. Yufeng LIU	Interest of a controlled corporation	547,061,863	34.19%
Cross Mark ⁽¹⁾	Beneficial owner	547,061,863	34.19%
WP X	Beneficial owner	327,148,418	20.45%
Warburg Pincus Private Equity X, L.P. ⁽²⁾	Interest of a controlled corporation	327,148,418	20.45%
Warburg Pincus X Partners L.P. ⁽²⁾	Interest of a controlled corporation	327,148,418	20.45%
Mr. Marc CHAN	Interest of a controlled corporation	232,256,544	14.52%
Right Faith ⁽³⁾	Beneficial owner	232,256,544	14.52%
Mr. LI Ngai	Interest of a controlled corporation	93,533,175	5.84%
Sparkle Wealthy ⁽⁴⁾	Beneficial owner	93,533,175	5.84%
Mr. ZHANG Zaixian ⁽⁵⁾	Interest of Spouse	547,061,863	34.19%
Ms. CHAN Hiu Kwan ⁽⁶⁾	Interest of Spouse	93,533,175	5.84%

Notes:

- (1) The entire issued share capital of Cross Mark is legally and beneficially owned by Ms. Yufeng LIU.
- (2) WP X is a wholly owned subsidiary of Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., which are therefore deemed to be interested in the shares held by WP X.
- (3) The entire issued share capital of Right Faith is legally and beneficially owned by Mr. Marc CHAN.
- (4) The entire issued share capital of Sparkle Wealthy is legally and beneficially owned by Mr. LI Ngai.

- (5) Mr. ZHANG Zaixian is the spouse of Ms. Yufeng LIU. Under the SFO, Mr. ZHANG Zaixian is deemed to be interested in the same number of Shares in which Ms. Yufeng LIU is interested.
- (6) Ms. CHAN Hiu Kwan is the spouse of Mr. LI Ngai. Under the SFO, Ms. CHAN Hiu Kwan is deemed to be interested in the same number of Shares in which Mr. LI Ngai is interested.

(c) *Interests of the Substantial Shareholders of any Member of Our Group (other than our Company)*

Save as set out above, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal amount of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company) or any options in respect of such capital.

2. Directors' Service Contracts

Executive Directors

Our executive Director has entered into a service agreement with our Company for an initial term of three years with effect from his date of appointment unless terminated by not less than three months' notice in writing served by either the executive Director or our Company.

Under his service contract, the executive Director is entitled to a fixed basic salary, an annual bonus subject to the fulfilment of certain performance target, and participation in the Pre-IPO Share Option Scheme. In certain other circumstances, the agreement can also be terminated by our Company, including but not limited to certain breaches of our Director's obligations under the agreement or certain misconducts. The appointment of the executive Director is also subject to the provisions of retirement and rotation of Directors under the Articles. The executive Director is officially stationed in the PRC, but may be required to work in Hong Kong or in other places, as may be determined by the Board from time to time.

The service contract further provides that during the term of the service contract and within six months upon the termination of service, the executive Director cannot engage in any business which is competing or is likely to compete, either directly or indirectly, with the business of our Group.

Non-Executive Directors

Each of our independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from their respective date of appointment. Each of our independent non-executive Director is entitled to a fixed director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of our Directors has proposed or is proposing to enter into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Directors' Remuneration

Our Directors did not receive any remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) for each of the years ended December 31, 2010, 2011 and 2012.

No remuneration was paid by our Company to our Directors (a) as an inducement to join or upon joining any member of our Group or (b) as a compensation for loss of officer as director of any member of our Group or any other office in connection with the management affairs of any member of our Group in respect of each of the three years ended December 31, 2010, 2011 and 2012. Further, none of our Directors waived any remuneration during the same period.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending December 31, 2013 is estimated to be approximately RMB2.0 million.

Further information regarding our Directors' remuneration during the Track Record Period can be found in Note 25 to the Accountant's Report set out in Appendix I in this prospectus.

4. Directors' Competing Interests

None of our Directors is interested in any business, apart from our Group's business, which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in the section headed “— Other Information — Qualification of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor any of the persons listed in the section headed “— Other Information — Qualification of Experts” below are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (e) save as set out in the section headed “Underwriting” and “Structure of the Global Offering,” none of the persons listed in the section headed “— Other Information — Qualification of Experts” below (i) has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Shares in any member of our Group; or (ii) is legally or beneficially interested in any securities of any member of our Group;

- (f) none of our Directors have entered or have proposed to enter into any service contracts with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) none of our Directors or their respective associates (as defined under the Listing Rules), or the existing Shareholders (who, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company) has any interest in any of the five largest customers or the five largest suppliers of our Group.

D. PRE-IPO SHARE OPTION SCHEME

Our Company has conditionally approved and adopted the Pre-IPO Share Option Scheme pursuant to the resolutions of our Shareholders passed on July 3, 2013 and has amended the same pursuant to the resolutions of our Shareholders passed on October 14, 2013.

Summary of Terms

The purpose of the Pre-IPO Share Option Scheme is to attract, retain and motivate employees and Directors, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of our Group, and to allow such employees and Directors to participate in the growth and profitability of our Group. The principal terms of the Pre-IPO Share Option Scheme, approved by resolutions of our Shareholders passed on July 3, 2013 and amended by resolutions of our Shareholders on October 14, 2013, are substantially the same as the terms of the Share Option Scheme except that:

- (a) the subscription price per Share of the options granted under the Pre-IPO Share Option Scheme shall be determined according to the following formula:

$$\frac{\text{Profit for the year of our Company for the year ended December 31, 2012 as recorded in the audited combined financial statements of our Company as prepared by the Auditors using the basis of presentation in our Company's accountant's report for such financial year}}{\text{Number of Shares in issue at the Listing Date}} \times 10$$

- (b) save for the options which have been granted before the Listing Date, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date; and
- (c) each option granted under the Pre-IPO Share Option Scheme is exercisable subject to the vesting schedule as set out in the relevant grant letter and summarized below.

The options under the Pre-IPO Share Option Scheme shall vest in four (4) equal tranches (being 25% of each Option granted, and each tranche is hereinafter referred to as a “**Tranche**”) on the following four (4) dates (each a “**Vesting Date**” and collectively, the “**Vesting Dates**”), respectively, and in the following manner:

<u>Vesting Dates</u>	<u>Conditions for and proportion of vesting of each relevant Tranche</u>
(1) Day immediately following the expiry of six (6) months after the Listing Date (the “ First Vesting Date ”)	<ul style="list-style-type: none"> ● 70% of this first Tranche shall be vested if there is at least a 25% increase in the EPS for the financial year immediately prior to the First Vesting Date as compared to that in the immediate preceding financial year; and ● the remaining 30% of this first Tranche shall be vested if there is at least a 35% increase in EPS for the financial year immediately prior to the First Vesting Date as compared to that in the immediate preceding financial year.
(2) First anniversary of the First Vesting Date (the “ Second Vesting Date ”)	<ul style="list-style-type: none"> ● 70% of this second Tranche shall be vested if there is at least a 20% increase in the EPS for the financial year immediately prior to the Second Vesting Date as compared to that in the immediate preceding financial year; and ● the remaining 30% of this second Tranche shall be vested if there is at least a 35% increase in EPS for the financial year immediately prior to the Second Vesting Date as compared to that in the immediate preceding financial year.
(3) Second anniversary of the First Vesting Date (the “ Third Vesting Date ”)	<ul style="list-style-type: none"> ● 70% of this third Tranche shall be vested if there is at least a 20% increase in the EPS for the financial year immediately prior to the Third Vesting Date as compared to that in the immediate preceding financial year; and ● the remaining 30% of this third Tranche shall be vested if there is at least a 30% increase in the EPS for the financial year immediately prior to the Third Vesting Date as compared to that in the immediate preceding financial year.

<u>Vesting Dates</u>	<u>Conditions for and proportion of vesting of each relevant Tranche</u>
(4) Third anniversary of the First Vesting Date (the “ Last Vesting Date ”)	<ul style="list-style-type: none"> ● 70% of this last Tranche shall be vested if there is at least a 20% increase in the EPS for the financial year immediately prior to the Last Vesting Date as compared to that in the immediate preceding financial year; and ● the remaining 30% of this last Tranche shall be vested if there is at least a 25% increase in the EPS for the financial year immediately prior to the Last Vesting Date as compared to that in the immediate preceding financial year.

For the purpose of this section:

“EPS” means, in relation to any particular financial year of our Company and for the purpose of determining whether vesting conditions stipulated above have been fulfilled, the quotient of the Numerator divided by the Denominator.

“Numerator” means, in relation to any particular financial year of our Company and for the purpose of calculating EPS of such financial year, the profit for the year of our Company as recorded in the audited consolidated financial statements of our Company for that financial year; or in the case of the financial year ended December 31, 2012, the profit for the year of our Company as recorded in the audited combined financial statements of our Company as prepared by our Company’s auditors using the basis of presentation in our Company’s accountant’s report for that financial year; PROVIDED THAT, any and all expenses or costs to the Company as a result, arising from or in connection with the Listing, or this scheme, or the grant, vesting or exercise of any option under this scheme, shall be excluded and disregarded for the purpose of such calculation mentioned herein above.

- “Denominator”** means, in relation to any particular financial year of our Company and for the purpose of calculating EPS of such financial year, the total number of Shares in issue and Shares which may be issued upon exercise of any other options, warrants or other securities which may be convertible into Shares as of the end of that relevant financial year on a fully-diluted basis; provided that,
- (a) for the purpose of any calculation to determine any increase in EPS for any financial year from the immediate preceding financial year of our Company (pursuant to the vesting conditions stipulated above); and
 - (b) where the denominators with respect to the two (2) relevant financial years are different, wholly or partly due to additional Shares which have already been issued by our Company on the Listing Date,

then for the purpose of calculating the EPS of the earlier of the two (2) financial years, the denominator of that year shall be adjusted and deemed to be the same as the denominator for calculating the EPS of the later of the two (2) financial years.

Any resolution of the Board on whether the above-mentioned percentage increase requirements with respect to EPS, is fulfilled for each respective Vesting Date, shall be conclusive. Any proportion of any option under the Pre-IPO Share Option Scheme which has already vested on any prior Vesting Date(s) shall continue to be vested and shall be exercisable by the relevant grantee of such option. In the event that our Company fails to fulfill any of the conditions for vesting any proportion of any Tranche of any option under the Pre-IPO Share Scheme granted, such proportion of the relevant option due to be vested on the relevant Vesting Date had the conditions been fulfilled, shall neither be vested nor be exercisable on such Vesting Date and shall lapse automatically on the relevant Vesting Date. In the event that it is determined on any Vesting Date that there is no EPS percentage increase at all with respect to the financial year immediately prior to such Vesting Date compared to the immediate preceding financial year, any and every proportion of any option granted under the Pre-IPO Share Option Scheme but which has not been vested yet prior to such Vesting Date, shall neither be vested nor be exercisable at all and shall all lapse automatically.

Outstanding Options Granted

As at the date of this prospectus, options to subscribe for an aggregate of 70,891,722 Shares have been conditionally granted by our Company under the Pre-IPO Share Option Scheme. The Shares subject to the options granted under the Pre-IPO Share Option Scheme represent (i) approximately 4.43% of our issued share capital immediately after completion of the Global Offering (excluding all Shares which may be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or to be granted under the Share Option Scheme or the exercise of the Over-allotment Option); and (ii) approximately 4.24% of our issued share capital immediately after completion of the Global Offering (assuming that all options granted under the Pre-IPO Share Option Scheme are exercised, but without taking into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option).

The options have been conditionally granted based on the performance of the grantees who have made important contributions or are important to the long-term growth and profitability of our Group. A total of 31 employees of our Group, including one executive Director, two non-executive Director, two independent non-executive Directors and five members of the senior management (excluding the Directors) of our Group (as set out in the section headed “Directors and Senior Management” of this prospectus) have been conditionally granted options under the Pre-IPO Share Option Scheme.

All the options under the Pre-IPO Share Option were granted to the respective grantees on July 6, 2013. A Pre-IPO Share Option will lapse (to the extent not already exercised) if the grantee ceases to be a participant of the Pre-IPO Share Option Scheme by reason of the termination of his or her employment on the grounds that he or she has been guilty of misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other grounds on which an employer would be entitled to terminate his or her employment. No options are held by connected persons of our Company other than those granted to the Directors and the directors of the subsidiaries of our Company, under the Pre-IPO Share Option Scheme. If a grantee is a connected person of our Company, such grantee shall not exercise any option granted under the Pre-IPO Share Option Scheme to the extent that our Company’s public float will as a result of such exercise be less than the minimum requirements under the Listing Rules. Exercise in full of all options granted under the Pre-IPO Share Option Scheme would result in an increase in the number of Shares in issue by approximately 4.43% of 1,600,000,000 Shares, being the total number of Shares in issue immediately upon completion of the Global Offering (assuming there will be no further issue of Shares whether pursuant to the Over-allotment Option or the Share Option Scheme, which may dilute the shareholdings of our Shareholders and may reduce the earnings per Share on a pro rata basis.)

The total number of Shares immediately following completion of the Global Offering (assuming the Over-allotment Option and any options granted under the Share Option Scheme are not exercised) would be diluted by 4.24% upon the exercise in full of the options granted under the Pre-IPO Share Option Scheme.

Further, assuming that 1,600,000,000 Shares were in issue as if the Global Offering has been completed on January 1, 2012 but takes no account of any Shares which may fall to be issued upon the exercised of the Over-allotment Option or of any Shares which may be issued upon the exercise of any option which may be granted under Pre-IPO Share Option Scheme or the Share Option Scheme or any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate and the Repurchase Mandate, the diluted earnings per Share for profit attributable to owners of our Company for the year ended December 31, 2012 would be approximately RMB0.0279 and based on the same assumption above and further assuming that all the options granted under the Pre-IPO Share Option Scheme in respect of 70,891,722 Shares were exercised in full on January 1, 2012, the diluted earnings per Share for profit attributable to owners of our Company for the year ended December 31, 2012 would be approximately RMB0.0267.

Summary of grantees

A summary of the grantees who have been granted options under the Pre-IPO Share Option Scheme is set out below:

Grantee	Address	Number of Shares to be issued upon full exercise of the option under the Pre-IPO Share Option Scheme	Percentage of enlarged issue share capital of our Company after completion of the Global Offering and full exercise of the options granted under the Pre-IPO Share Option Scheme
<i>Directors of our Company</i>			
Mr. JIANG Liwei	302, Gate 4, Building 118 District A Wangjing East Park Beijing, PRC	6,369,427	0.38%
Mr. LIN Junshan	1402, Gate 1, Building 10 Jin Yu Guan Lan Beijing, PRC	12,738,854	0.76%
Ms. Yue'e ZHANG	1512 NW 157th Ave Pembroke Pines, FL33028 United States	2,547,771	0.15%
Mr. CHEN Geng	1101, Gate 5, Building 3 Xi Er Qi De Yuan Haidian District Beijing, PRC	1,273,885	0.08%
Mr. WANG Xiaogang	No. 3-1, Long Hu Yan Lan Shan Hou Sha Yu Shunyi District Beijing, PRC	1,273,885	0.08%

Grantee	Address	Number of Shares to be issued upon full exercise of the option under the Pre-IPO Share Option Scheme	Percentage of enlarged issue share capital of our Company after completion of the Global Offering and full exercise of the options granted under the Pre-IPO Share Option Scheme
<i>Senior management of our Group</i>			
Mr. WANG Jie	Block 2, Unit 3, Room 1202 Yongjing Four Seasons Community Pingguoyuan South Road Shijingshan District Beijing, PRC	4,458,599	0.27%
Mr. HUA Wei	Block 38, Unit 1, Room 501 Jingkeyuan, Changping District Beijing, PRC	2,547,771	0.15%
Mr. HE Zhibo	Block 6, Unit 4, Room 401 Guotong Jiayuan Changping District Beijing, PRC	6,369,427	0.38%
Mr. CHEN Jun	Block 8, Unit 1, Room 1303 Tianrun Garden Xinyi Jiangsu province, PRC	1,910,828	0.11%
Mr. YE Ting	Block 30, Unit 1, Room 201 Xinxin Jiayuan, Yuanyang Xinganxian Konggang Economic Area Dongli District Tianjin, PRC	2,547,771	0.15%
<i>Director of a subsidiary of our Group not mentioned above</i>			
Ms. HE Lihua	Block 36, Unit 3 Room 312 Haite Garden Shijingshan District Beijing, PRC	1,910,828	0.11%

Grantee	Address	Number of Shares to be issued upon full exercise of the option under the Pre-IPO Share Option Scheme	Percentage of enlarged issue share capital of our Company after completion of the Global Offering and full exercise of the options granted under the Pre-IPO Share Option Scheme
<i>other employees of our Group</i>			
Ms. DU Lina	Block 12, Floor 1-3 Unit 12-03, Area 5 Shuiyunfengqing Villa North Qijia Tower Changping District Beijing, PRC	2,229,299	0.13%
Ms. REN Fengmei	Block 12, Floor 1, Unit 202 Xishun Jiayuan, Jinghai County Tianjing, PRC	1,910,828	0.11%
Mr. XIE Honghui	Block 30, Floor 7, Unit 402 Jinke Yuan Changping District Beijing, PRC	1,910,828	0.11%
Mr. BAI Kun	Block 16, Unit 1501 Sunshine Xingqiba Chenyang Road Hedong District Tianjin, PRC	1,910,828	0.11%
Mr. LU Jiang	Block 8, Unit 3, Room 264 Yihai Garden Fuze Yuan Fengtai District Beijing, PRC	636,943	0.04%
Ms. XING Manman	Phase 1, 5th in the 3rd Area No. M42-C Longcheng Garden Huilongguan Area Changping District Beijing, PRC	382,166	0.02%
Ms. WANG Shizhe	Floor 4, Room 502 No. 1 Caifeng South Area Shunyi District Beijing, PRC	382,166	0.02%
Mr. MA Xiaohui	Phase 4 Beijing Xintiandi No. 5 Chaoyang Road Chaoyang District Beijing, PRC	636,943	0.04%

Grantee	Address	Number of Shares to be issued upon full exercise of the option under the Pre-IPO Share Option Scheme	Percentage of enlarged issue share capital of our Company after completion of the Global Offering and full exercise of the options granted under the Pre-IPO Share Option Scheme
Mr. DENG An	Courtyard 3, Block 3, Room 1603 No. 188 Huangsha Mudian Road Beijing, PRC	636,943	0.04%
Mr. WANG Jianfeng	Block 2, Unit 2 Floor 10, Room 1003 No. 30 Huilongguan Area Yuzhi East Road Changping District Beijing, PRC	2,229,299	0.13%
Mr. CHEN Rui	Block 3, Floor 4, Unit 1209 Zhenwumiao Lane 2 Xicheng District Beijing, PRC	2,229,299	0.13%
Ms. FAN Xinyu	Block 45, Unit 5, Room 501 No. 21 Andeli North Street Dongcheng District Beijing, PRC	1,910,828	0.11%
Mr. MENG Xiaoming	Lane 1559, No. 59, Room 103 Guangfulin Road Shanghai, PRC	1,910,828	0.11%
Ms. LUO Caihong	Block 12, Unit 1, Room 202 Nongguang East Lane Chaoyang District Beijing, PRC	1,910,828	0.11%
Ms. ZHANG Meng	Block 60, Unit 1, Room 141 Haozhuang Jiayuan Changping Town Changping District Beijing, PRC	1,273,885	0.08%
Ms. ZHANG Heng	Block 1, Floor 2, Room 502 Changlong Garden, South Area Changyang Town Fangshan District Beijing, PRC	955,414	0.06%

Grantee	Address	Number of Shares to be issued upon full exercise of the option under the Pre-IPO Share Option Scheme	Percentage of enlarged issue share capital of our Company after completion of the Global Offering and full exercise of the options granted under the Pre-IPO Share Option Scheme
Mr. TIAN Zhenxing	Block 2, Room 1304 No. 491 Zhangba North Road Yanta District Xi'an Shaanxi province, PRC	382,166	0.02%
Mr. YI Shilin	Room 507 No. 389 Donghua East Road Yuexiu District Guangzhou, PRC	1,592,357	0.10%
Ms. BAI Xia	Room 5059, Yilan Hotel No. 5 Baolong 2nd Road Longgang District Shenzhen, PRC	636,643	0.04%
Mr. ZHAO Guanghui	Block 21, Unit 2, Floor 1-2 West Household Guihua Residential Area Huanghe Road Development District Anyang, PRC	1,273,885	0.08%
Total		<u>70,891,722</u>	<u>4.24%</u>

Save and except as set out above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme. The Directors and the director of a subsidiary of our Group who have been granted options under the Pre-IPO Option Scheme, have undertaken to our Company that they will not exercise the options granted to them under the Pre-IPO Share Option Scheme if as a result of which our Company would not be able to comply with the public float requirements of the Listing Rules.

Listing application for shares to be issued under the Pre-IPO Share Option Scheme

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares, which may fall to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, on the Stock Exchange.

E. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by the resolutions of our Shareholders passed on October 14, 2013:

1. Purpose of the Share Option Scheme

The purpose of this Share Option Scheme is to attract, retain and motivate employees, Directors and such other Participant, and to provide a means of compensating them through the grant of options pursuant to the terms of the Share Option Scheme (“**Options**”) for their contribution to the growth and profits of our Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of our Group.

2. Conditions and Present Status of the Share Option Scheme

The Share Option Scheme shall take effect conditional upon (i) the listing committee of the Stock Exchange granting approval of the Share Option Scheme, the granting of the Options, and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options; and (ii) the commencement of dealing in the Shares on the Stock Exchange. If the above conditions are not satisfied on or before December 31, 2014 (or such later date as the Board may decide): (i) the Share Option Scheme shall forthwith terminate; (ii) any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any such Option.

As at the date of prospectus, no option has been granted or agreed to be granted under the Share Option Scheme. No option is expected to be granted under the Share Option Scheme prior to the Listing Date.

3. Eligible Participants

Our Board may, at its discretion, invite any executive, non-executive or independent non-executive Directors or any employees (whether full-time or part-time) of our Company, or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to our Group (“**Participants**”) to take up the Options. The basis of eligibility of any of the class of the Participants to the grant of any Option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of our Group and any Invested Entity.

4 Offer and Grant of Options

No offer of the grant of an Option 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 published pursuant to the requirements of the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules), and (ii) the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted.

An offer of the grant of an Option ("**Offer**") shall be deemed to have been accepted and the Option to which such offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of offer duly signed by the Participant ("**Grantee**") with the number of Shares in respect of which such offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company. Such remittance shall in no circumstances be refundable.

5. Subscription Price

The subscription price ("**Subscription Price**") shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option), but in any case the Subscription Price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a Business Day ("**Offer Date**"), (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the date of grant, and (c) the nominal value of a Share.

6. Maximum number of Shares and entitlement of an eligible Participant

- (a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 30% of the Shares in issue from time to time ("**Scheme Limit**").

- (b) The Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 10% of the aggregate of the Shares in issue on the Listing Date, being a total of 160,000,000 Shares (“**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.
- (c) Our Company may seek approval of our Shareholders in general meeting for refreshing the Scheme Mandate Limited. However, the Scheme Mandate Limited as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the approval of our Shareholders. Options previously granted under the Share Option Scheme or any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme of our Company) will not be counted for the purpose of calculating the limit as “refreshed.” A circular containing the information required under the Listing Rules, including the information required under Rule 17.02(2)(d) of the Listing Rule and the disclaimer required under Rule 17.02(4) of the Listing Rules, shall be sent to our Shareholders in connection with the meeting at which their approval will be sought.
- (d) Our Company may seek separate approval by our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (as refreshed) provided the Grantee(s) of such Option(s) must be specifically identified by our Company before such approval is sought. A circular containing a generic description of the specified Grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the Grantees with an explanation as to how the terms of Options serve such purpose and other information required the Listing shall be sent to our Shareholders.
- (e) The total number of Shares issued and to be issued upon exercise of the Options granted to each eligible Participant (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue (the “**Individual Limit**”). Any further grant of Options to an eligible Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limited shall be subject to our Shareholders’ approval in general meeting with such eligible Participant and his associates (such term shall have the meaning

ascribed to the definition of “associate” under the Listing Rules) abstaining from voting. A circular containing the information required under the Listing Rules shall be sent to our Shareholders. The number and terms (including the Subscription Price) of the Options to be granted to such eligible Participant must be fixed before our Shareholders’ approval is sought and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

7. Grant of Options to Connected Persons

- (a) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or their respective associates must be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who is the Grantee).
- (b) Where our Board proposes to grant any Option to a Participant who is a substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or an independent non-executive director of our Company, or any of their respective associates would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the proposed Offer Date of such grant (the “**Relevant Date**”):
 - (i) representing in aggregate more than 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue on the Relevant Date; and
 - (ii) having an aggregate value, based on the closing price of our Shares as stated in the Hong Kong Stock Exchange’s daily quotation sheet on the Relevant Date, in excess of HK\$5,000,000 (or such other higher amount as may from time to time be specified by the Stock Exchange),

such proposed grant of Options must be approved by our Shareholders (voting by way of poll). In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the Listing Rules. The Participant concerned and all other connected persons of our Company must abstain from voting in favor of the resolution at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to our Shareholders in connection therewith.

8. Exercise of Options

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme (“**Option Period**”).

9. Vesting

Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules to which this Scheme may be subject, including the Listing Rules or regulations of any stock exchange on which the Shares may be listed and quoted. Furthermore, the Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option under this Scheme may or may not, at the discretion of the Board, be subject to any retention period.

10. Performance Target & Minimum Period before Exercise

Unless otherwise determined by our Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option, there is no general requirement for any performance target that needs to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

11. Options are personal to the Grantee

An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favor of any third party over or in relation to any Option, except for the transmission of an Option on the death of the Grantee to his personal representative(s) according to the terms of the Share Option Scheme.

12. Rights on death, or termination of employment, our Directorship, office or appointment

- (a) in the event of the Grantee ceasing to be an employee (whether full time or part time) of our Company or its subsidiaries, including any executive Director (“**Eligible Employee**”), by reason of non-renewal of his or her employment contract upon termination, or retirement, or internal reorganization, or if the Grantee is a Director, the cessation as a Director upon rotation, the Grantee shall be entitled within a period of three (3) months from the date of cessation

of employment which shall be the last actual working day with our Company or the relevant subsidiary to exercise any Option in whole or in part (to the extent which has become exercisable but not yet exercised prior to such date of cessation). In the event of the Grantee ceasing to be an Eligible Employee for any reason other than those stated above or his or her death or the termination of his or her employment on one or more of the grounds specified in the Share Option Scheme, the Grantee may exercise the Option in accordance with the provisions of the Share Option Scheme up to his or her entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine; and

- (b) in the event that the Grantee ceases to be a Participant (as the case may be) by reason of death (provided that none of the events which would be a ground for termination of his or her employment arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months from the date of death (or such longer period as the Board may determine) to exercise the Option in whole or in part (to the extent which has become exercisable and not already exercised prior to such date of death).

13. Voluntary winding-up of our Company

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee (or her legal personal representative(s)) shall be entitled to exercise all or any of his or her or its Options (to the extent which has become exercisable and not already exercised) at any time not later than three (3) Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

14. Rights on take-over

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares (or all such holders other than the offer or and/or any person controlled by the offer or and/or any person acting in association or concert with the offeror), our 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 exercise in full of the Options granted to them, shareholders of our 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 our Company in exercise of his Option at any time before the close of such offer (or any revised offer).

15. Rights on a compromise or arrangement

In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such scheme or arrangement, and thereupon any Grantee (or her legal personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his or her or its Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her or its Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

16. Effects of alterations to capital structure

In the event of any alteration in the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganization of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made in (a) the number or nominal amount of Shares subject to the Option so far as unexercised, and/or (b) the Subscription Price, and/or the method of exercise of the Option, as the auditors or the financial adviser of our Company retained for such purpose shall certify in writing to the Board to be in

their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of our Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she or it was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of our Group as consideration in a transaction.

17. Lapse of Options

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

- (a) the expiry of the Option Period;
- (b) the date or the expiry of the periods for exercising the Option;
- (c) the date on which the offer (or as the case may be, revised offer) closes;
- (d) the date of the commencement of the winding-up of our Company;
- (e) the date when the proposed compromise or arrangement becomes effective;
- (f) the date on which the Grantee ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she voluntarily resigns, or has been guilty of misconduct or has found to have breached the terms of employment during his or her employment (regardless of whether such employment contract has already been terminated) leading to a material loss or damage to our Group, or his or her employment has terminated by reason of the failure of such employment to pass the annual evaluation, or has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at law or pursuant to any applicable laws or under the Grantee's service contract with our Company or the relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that employment of a Grantee has or has not been terminated shall be conclusive and binding on the Grantee;

- (g) the date on which the Grantee commits a breach or the Options are cancelled in accordance with the Share Option Scheme; or
- (h) if the Board at their absolute discretion determines that the Grantee (other than an Eligible Employee) has committed any breach of any contract entered into between the Grantee on the one part and any member of our Group on the other part or 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 or her or its creditors generally, the Board shall determine that the outstanding Options granted to the Grantee (whether exercisable or not) shall lapse. In such event, his or her or its Options will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined.

18. Ranking of Share allotted upon exercise of Options

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

19. Duration 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 conditionally adopted by resolution of our Shareholders.

20. Cancellation of Options granted

Our Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by our Board as provided above.

21. Termination of the Share Option Scheme

Our Company may terminate the operation of the Share Option Scheme at any time by resolution of the Board or resolution of our Shareholders in general meeting and in such event no further Option will be offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the

exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision 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.

22. Alteration of the provisions of the Share Option Scheme

Subject to the provisions of the Share Option Scheme, the Board may amend any of the provisions of the Share Option Scheme (including with limitation to amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

F. OTHER INFORMATION

1. Estate duty, tax and other indemnity

The Controlling Shareholders have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 11 of the Laws of Hong Kong) or the equivalent or similar thereof under the laws of any jurisdictions outside Hong Kong) to an member of our Group on or before the Listing; and
- (b) tax liabilities (including all fines, penalties, costs, charges, liabilities, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits or gains, earned, accrued or received on or before the Listing.

The Controlling Shareholders are 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 consolidated accounts of our Company and its subsidiaries as set out in the Accountant's Report set out in Appendix I to this prospectus or in the audited accounts of the relevant members of our Group for the three financial years ended December 31, 2012 and six months ended June 30, 2013;

- (b) to the extent for which any member of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date of deed of indemnity; and
- (c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in the Cayman Islands or the PRC coming into force after the date of deed of indemnity or to the extent such claim arises or is increased by an increase in the rates of taxation after the date of deed of indemnity with retrospective effect;

Our Directors have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, save as disclosed in the section headed “Business — Legal Proceedings and Compliance” in this prospectus, no member of our Group was engaged in any litigation, arbitration or administrative proceedings which had a material adverse effect on our financial conditions or results of operations, and no litigation, arbitration or administrative proceedings was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization Issue, the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

4. Shares will be eligible for CCASS

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares.

All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2013 (being the date on which our latest audited combined financial statements was made up) up to the Latest Practicable Date.

6. Qualification of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
Morgan Stanley Asia Limited	Licensed to conduct type 1 (dealing in Securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Appleby	Legal advisers to our Company on the Cayman Islands laws
Commerce & Finance Law Offices	Legal advisers to our Company on the PRC laws
Frost & Sullivan	Industry expert

7. Consents of experts

Each of the experts whose names are set out in the paragraph headed “6. Qualification of Experts” in this Appendix has given and has not withdrawn their respective consents to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As at the Latest Practicable Date and save as disclosed in this prospectus, none of the experts named in the paragraph headed “6. Qualification of Experts” in this Appendix has any shareholding interests in any of our Company or any of our subsidiaries or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Agency fees or commissions received

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

9. Promoter

Our Company has no promoter for the purpose of the Listing Rules. No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any cash, securities or benefit intended to be paid, allotted or given in connection with the Global Offering or the related transactions described in this prospectus.

10. Preliminary expenses

The preliminary expenses incurred by our Company in relation to our corporation were approximately HK\$22,700 and have been paid by our Company.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, 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.

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

The sale, purchase and transfer of Shares registered with our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of or of the fair value of, the Shares being sold or transferred, whichever is higher. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) *Cayman Islands*

Under the Cayman Islands law currently in force, there is no stamp duty payable in the Cayman Islands on transfers of our Shares, save for those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising rights attached to them. It is emphasized that none of our Company, our Directors or the other parties, involved in the Global Offering will 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 or exercise of any rights attached to them.

14. Bilingual Prospectus

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

15. Miscellaneous

- (a) Save as disclosed in this prospectus:
- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of our Company or any of our subsidiaries;

- (iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (v) no founder shares, management shares or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (vi) there is no arrangement under which future dividends are waived or agreed to be waived;
- (vii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus;
- (viii) our Company has no outstanding convertible debt securities or debentures; and
- (ix) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange no is any listing or permission to deal being or proposed to be sought.