

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

We were incorporated in the Cayman Islands, as an exempted company with limited liability under the Cayman Companies Law, on June 15, 2007. We have established a place of business at Room 908, 9/F, Hutchison House, Central, Hong Kong, and we have registered as an overseas company, under Part XI of the Companies Ordinance, at that address.

Arculli Fong & Ng has been appointed as our agent for the acceptance of service of process and notices served on the Company in Hong Kong. As we were incorporated in the Cayman Islands, our corporate structure and our Memorandum and Articles of Association are subject to the laws of the Cayman Islands. A summary of certain provisions of our Memorandum and Articles of Association and of certain aspects of Cayman Islands company law are set out in Appendix VI, “Summary of the Constitution of Our Company and Cayman Islands Company Law” to this Prospectus.

2. Subsidiaries

Our principal subsidiaries are listed in Appendix I, “Accountants’ Report”, to this Prospectus.

3. Changes in share capital

As of the date of our incorporation, our authorized share capital was HK\$380,000, divided into 3,800,000 Shares, with a par value of HK\$0.10. The changes in our share capital, since the date of our incorporation, were as follows:

- (a) On June 15, 2007, one Share was allotted and issued nil paid to Reid Services Limited, and subsequently, on the same date, such Share was transferred to Ally Giant.
- (b) On October 16, 2007, a shareholder’s resolution was passed to increase the authorized share capital of the Company, from HK\$380,000, divided into 3,800,000 ordinary shares, with a par value of HK\$0.10, to HK\$1,000,000,000, divided into 10,000,000,000 ordinary shares, with a par value of HK\$0.10.
- (c) Pursuant to the Reorganization, on October 16, 2007, the Company entered into a share sale and purchase agreement with, Ally Giant, under which agreement the Company acquired one ordinary share (at par value of HK\$1.00) of Asia Harbour (being Asia Harbor’s entire issued share capital) from Ally Giant. The consideration for such one share was satisfied by (i) crediting as fully paid the aggregate 1 nil paid Share in the issued share capital of the Company issued nil paid; and (ii) allotting and issuing 2,499,999,999 fully paid up Shares to Ally Giant.

(d) On October 16, 2007, the following transfers of Shares were effected:

<u>Transferor</u>	<u>Transferee</u>	<u>No. of Shares</u>
Ally Giant	Carlyle Asia Growth Partners III, L.P.	79,900,580
Ally Giant	CAGP III Co-Investment, L.P.	3,520,364
Ally Giant	Carlyle/Riverstone Global Energy and Power Fund III (Cayman), L.P.	55,449,901
Ally Giant	C/R Energy III Frontier Partnership, L.P.	25,159,757
Ally Giant	C/R Energy Coinvestment III (Cayman), L.P.	2,811,286
Ally Giant	DPF	53,086,055
Ally Giant	Hua VII Venture Capital Corporation	13,650,700
Ally Giant	Vincera Growth Capital I Limited	9,100,467
Ally Giant	Preen Group Limited	3,791,861
Ally Giant	IP Cathay	11,375,583
Ally Giant	COOS	174,425,609

(e) On October 17, 2007, Ally Giant transferred 450,000,000 Shares to Nabors International in connection with the Technology License Agreement, dated October 17, 2007, between the Company and Nabors Global.

Except as described above and in the sub-section 4 below, “Resolutions in writing, passed by all the shareholders of the Company, on January 21, 2008”, there have been no changes in the share capital of the Company since its incorporation.

The changes in the share capital (or registered capital, as the case may be) of our subsidiaries occurred within the two years immediately preceding the date of this Prospectus were as follows:

Asia Harbour

- (a) On July 8, 2006, Asia Harbour was incorporated in Hong Kong, with an authorized share capital of HK\$10,000.00, divided into 10,000 ordinary shares at HK\$1.00 each, one share of which was allotted and issued to Gold Regal Development Limited.
- (b) On August 18, 2006, Gold Regal Development Limited transferred the entire issued share capital (i.e. one share) in Asia Harbour, to Ally Giant, in consideration for HK\$1.00.
- (c) On October 16, 2007, Ally Giant transferred one share of Asia Harbour to the Company, the consideration of which was satisfied by (i) crediting as fully paid the aggregate 1 nil paid Share in the issued share capital of the Company issued nil paid and currently held by Ally Giant; and (ii) allotting and issuing 2,499,999,999 Shares by the Company to Ally Giant credited as fully paid.

Honghua Company

(a) On December 1, 2005, the following transfers of equity interest in Honghua Company occurred:

<u>Transferor</u>	<u>Transferee</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
He Guangfu	Zheng Yong	784,480.00	3.734%
Zhang Zongyou	Zhang Mi	3,861,739.31	3.136%
Chen Zongliang	Zhang Mi	2,786,135.71	2.262%
Zhi Rongmu	Ren Jie	47,080.00	0.224%
	Ao Pei	37,175.00	0.177%
	Zhou Tao	31,860.00	0.152%
	Wang Jiangyang	10,615.00	0.051%
	Liu Zhi	10,000.00	0.048%
	Lu Lan	2,650.00	0.013%
Wang Yaoxin	Lu Lan	35,000.00	0.167%
	Wang Jiangyang	28,895.00	0.138%
	Liu Chuanjun	10,000.00	0.048%
	Ren Jie	7,965.00	0.038%
	Tang Ying	7,965.00	0.038%
	Liu Zhi	5,000.00	0.024%
	Shi Shuming	2,900.00	0.014%
	Zhou Tao	1,500.00	0.007%
Liu Chuanjun	Fan Bing	23,895.00	0.114%
	Ao Pei	17,965.00	0.086%
	Zhi Rongmu	7,965.00	0.038%
	Wang Jiangyang	7,965.00	0.038%
	Zuo Huixian	7,965.00	0.038%
	Zheng Yong	7,965.00	0.038%
Xing Manrong	Zhi Rongmu	23,895.00	0.114%
	Yang Yuanchun	20,000.00	0.095%
	Ren Jie	18,580.00	0.088%
	Liu Zhi	18,500.00	0.088%
	Wang Yaoxin	3,765.00	0.018%
	Ni Xiurong	2,917.00	0.014%
	Liu Chuanjun	1,200.00	0.006%
Zhou Tao	Ren Jie	17,580.00	0.084%
	Zhang Yanyong	15,930.00	0.076%
	Fan Bing	15,930.00	0.076%
	Yang Yuanchun	7,965.00	0.038%
	Tian Diyong	7,965.00	0.038%
	Wang Yaoxin	2,000.00	0.010%
Yang Yuanchun	Wang Jiangyang	27,965.00	0.133%
	Liu Chuanjun	15,930.00	0.076%
	Ren Jie	15,930.00	0.076%
	Lu Lan	7,965.00	0.038%
Shi Shuming	Wang Jiangyang	15,930.00	0.076%
	Tian Diyong	15,930.00	0.076%
	Zhou Bing	14,180.00	0.067%
	Liu Zhi	7,965.00	0.038%
	Zhang Yanyong	2,665.00	0.013%
	Zhi Rongmu	2,650.00	0.013%

<u>Transferor</u>	<u>Transferee</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Li Yan	Tian Yu	15,930.00	0.076%
	Liu Chuanjun	15,930.00	0.076%
	Ren Jie	14,060.00	0.067%
	Zhou Bing	7,965.00	0.038%
	Zhi Rongmu	7,965.00	0.038%
	Shi Shuming	3,315.00	0.016%
	Wang Jiangyang	2,000.00	0.010%
Yang Xuefeng	Zheng Yong	7,965.00	0.038%
	Fan Bing	5,315.00	0.025%
	Xing Manrong	5,000.00	0.024%
	Wang Yaoxin	2,650.00	0.013%
Ni Xiurong	Wang Yaoxin	7,965.00	0.038%
	Zhou Tao	7,965.00	0.038%
	Lu Lan	7,965.00	0.038%
Yu Zhenghua	Zhang Xu	7,965.00	0.038%
	Ao Pei	7,965.00	0.038%

- (b) On December 4, 2005, Zhou Tao entered into an equity transfer agreement with Liu Xuetian (deceased), pursuant to which Zhou Tao transferred approximately 0.038% equity interest in Honghua Company to Liu Xuetian (deceased).
- (c) On January 7, 2006, a shareholders' resolution was passed, to reduce the registered capital of Honghua Company from RMB21,011,100 to RMB13,944,485. Honghua Company entered into an equity repurchase agreement with each of the following individual shareholders on January 12, 2006, pursuant to which Honghua Company repurchased all the equity interest held by those shareholders. Details of the equity repurchases are as follows:

<u>Transferor</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Xing Manrong	6,513,016.81	5.288%
Wang Yaoxin	5,708,957.75	4.635%
Liu Chuanjun	5,036,022.64	4.089%
Li Yan	4,633,360.09	3.762%
Shi Shuming	4,632,598.10	3.761%
Zhi Rongmu	3,714,824.07	3.016%
Zhou Tao	3,200,814.43	2.599%
Ni Xiurong	2,771,698.40	2.251%
Yang Xuefeng	2,199,301.48	1.786%
Yang Yuanchun	1,634,008.84	1.327%
Yu Zhenghua	1,377,065.63	1.118%

The capital reduction and equity repurchase was completed on April 26, 2006. Honghua Company was then owned approximately 24.615% by Huasheng Oil Company and approximately 75.385% by 23 individual shareholders, as follows:

<u>Shareholder</u>	<u>Approximate equity interest</u>
<i>Concert Group</i>	
Zhang Mi	16.515%
Zheng Yong	6.090%
Ren Jie	6.008%
Zuo Huixian	4.847%
Zhang Yanyong	4.447%
Fan Bing	4.137%
Zhang Xu	4.100%
Liu Xuetian (deceased)	3.508%
Zhou Bing	1.778%
Liu Zhi	1.760%
Wang Jiangyang	0.842%
Ao Pei	0.745%
Lu Lan	0.715%
Tian Diyong	0.521%
Chen Jun	0.293%
Li Hanqiang	0.293%
Tian Yu	0.286%
Shen Dingjian	0.240%
Liu Yingguo	0.172%
Liu Lulu	0.172%
Sub-total :	57.468%
<i>Other shareholders</i>	
Deng Meng	8.755%
Yuan Guiqi	8.755%
Tang Ying	0.407%
Sub-total :	17.917%
Huasheng Oil Company	24.615%
Total :	100%

- (d) On April 25, 2006, shareholders' resolutions were passed to reduce the registered capital of Honghua Company from RMB13,944,485 to RMB8,070,305. Honghua Company entered into an equity buy-out agreement with Huasheng Oil Company, Deng Meng and Yuan Guiqi, on May 22, 2006, pursuant to which Honghua Company repurchased all the equity interest held by Huasheng Oil Company, Deng Meng and Yuan Guiqi (approximately 24.615%, 8.755% and 8.755% respectively), for approximately RMB18,761,717.04, RMB6,673,275.42 and RMB6,673,275.42 respectively. The capital reduction and equity repurchase were completed on June 28, 2006, and Honghua Company was thereby owned by 21 individual shareholders, as follows:

<u>Shareholder</u>	<u>Approximate equity interest</u>
<i>Concert Group</i>	
Zhang Mi	28.536%
Zheng Yong	10.522%
Ren Jie	10.382%
Zuo Huixian	8.375%
Zhang Yanyong	7.684%
Fan Bing	7.147%
Zhang Xu	7.084%
Liu Xuetian (deceased)	6.061%
Zhou Bing	3.072%
Liu Zhi	3.042%
Wang Jiangyang	1.454%
Ao Pei	1.287%
Lu Lan	1.235%
Tian Diyong	0.900%
Chen Jun	0.506%
Li Hanqiang	0.506%
Tian Yu	0.495%
Shen Dingjian	0.415%
Liu Yingguo	0.297%
Liu Lulu	0.297%
Sub-total :	99.297%
<i>Other shareholder</i>	
Tang Ying	0.703%
Total :	100.000%

- (e) On August 11, 2006, a shareholders' resolution was passed to increase the registered capital of Honghua Company from RMB8,070,305 to RMB18,750,000. On the same date, Honghua Company entered into a capital increase agreement with each of the following 33 individual shareholders. Details of the shareholding in Honghua Company after the capital increase are as follows:

<u>Shareholder</u>	<u>Additional capital contribution (RMB)</u>	<u>Approximate equity interest</u>
<i>Concert Group:</i>		
Zhang Mi	4,374,435	36.000%
Ren Jie	642,155	7.894%
Liu Zhi	804,535	5.600%
Zheng Yong	200,825	5.600%
Zuo Huixian	144,140	4.373%
Zhang Xu	218,330	4.213%
Fan Bing	203,180	4.160%
Liu Xuetian (deceased)	210,850	3.733%
Zhang Yanyong	75,000	3.707%
Zhou Bing	133,080	2.032%
Wang Jianguang	82,630	1.067%
Chen Jun	136,000	0.943%
Ao Pei	28,000	0.703%
Lu Lan	28,000	0.681%
Tian Yu	37,000	0.410%
Li Hanqiang	28,000	0.367%
Tian Diyong	68,000	0.363%
Shen Dingjian	20,000	0.285%
Liu Yingguo	6,000	0.160%
Liu Lu Lu	NIL	0.128%
Sub-total :	7,440,160	82.419%
<i>Other shareholders:</i>		
Zhang Cong	853,000	4.550%
Yang Hong	598,535	3.192%
Zhao Ping	466,000	2.485%
Luo Qiping	300,000	1.600%
Liu Gangqiang	180,000	0.960%
Di Xiaohong	172,000	0.917%
Ma Limin	164,000	0.875%
Xu Chuan	143,000	0.763%
Chen Zhen	135,000	0.720%
Liu Yonghong	125,000	0.667%
Tang Ying	3,000	0.319%
Tian Daoyun	40,000	0.213%
Di Baiwei	30,000	0.160%
Li Ping	30,000	0.160%
Sub-total:	3,239,535	17.581%
Total :	10,679,695	100.00%

The said capital increase was completed on August 17, 2006, and the entire equity interest was thereby held by 34 individual shareholders (approximately 99.872% by the above 33 individual shareholders and approximately 0.128% by Liu Lulu).

- (f) On August 24, 2006, a shareholders' resolution was passed to increase the registered capital of Honghua Company from RMB18,750,000 to RMB72,000,000. Further to the shareholders' resolution and for the purpose of the Reorganization, Asia Harbour entered into an equity purchase and capital increase agreement with the 34 individual shareholders on August 24, 2006, pursuant to which Asia Harbour acquired from the following 34 individual shareholders, the entire equity interest in Honghua Company at a total consideration of U.S. dollars equivalent to RMB155,000,000, as follows:

<u>Transferor</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
<i>Concert Group:</i>		
Zhang Mi	55,800,000	36.000%
Ren Jie	12,235,700	7.894%
Zheng Yong	8,680,000	5.600%
Liu Zhi	8,680,000	5.600%
Zuo Huixian	6,778,150	4.373%
Zhang Xu	6,530,150	4.213%
Fan Bing	6,448,000	4.160%
Liu Xuetian (deceased)	5,786,150	3.733%
Zhang Yanyong	5,745,850	3.707%
Zhou Bing	3,149,600	2.032%
Wang Jiangyang	1,653,850	1.067%
Chen Jun	1,461,650	0.943%
Ao Pei	1,089,650	0.703%
Lu Lan	1,055,550	0.681%
Tian Yu	635,500	0.410%
Li Hanqiang	568,850	0.367%
Tian Diyong	562,650	0.363%
Shen Dingjian	441,750	0.285%
Liu Yingguo	248,000	0.160%
Liu Lulu	198,400	0.128%
Sub-total :	127,749,450	82.419%
<i>Other shareholders:</i>		
Zhang Cong	7,052,500	4.550%
Yang Hong	4,947,600	3.192%
Zhao Ping	3,851,750	2.485%
Luo Qiping	2,480,000	1.600%
Liu Gangqiang	1,488,000	0.960%
Di Xiaohong	1,421,350	0.917%
Ma Limin	1,356,250	0.875%
Xu Chuan	1,182,650	0.763%
Chen Zhen	1,116,000	0.720%
Liu Yonghong	1,033,850	0.667%
Tang Ying	494,450	0.319%
Tian Daoyun	330,150	0.213%
Di Baiwei	248,000	0.160%
Li Ping	248,000	0.160%
Sub-total :	27,250,550	17.581%
Total:	155,000,000	100.000%

Asia Harbour also contributed U.S. dollars equivalent to RMB53,250,000, as an increase in the registered capital of Honghua Company. Upon completion of the capital increase and the Reorganization, Honghua Company was wholly-owned by Asia Harbour and is our indirect wholly-owned subsidiary.

Youxin Company

(a) On July 18, 2006, the following transfers of equity interest in Youxin Company occurred:

<u>Transferor</u>	<u>Transferee</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Liu Hongbin	Liu Zhi	793,800	13.500%
Lin Ning	Zhao Ping	352,800	6.000%
Xiao Minsheng	Zhang Changlun	58,800	1.000%

(b) On July 18, 2006, 20 individual shareholders entered into an equity transfer agreement with Honghua Company, pursuant to which each shareholder agreed to transfer all his/her equity interest in Youxin Company to Honghua Company. Details of the equity transfers are as follows:

<u>Transferor</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Zhao Ping	3,610,452	23.799%
Liu Zhi	2,654,820	17.500%
Dai Huayin	2,048,004	13.500%
Lin Ning	758,520	5.000%
Zhang Mi	606,816	4.000%
Yuan Da	303,408	2.000%
Qu Xiaonan	291,024	1.918%
Zhang Xu	290,766	1.917%
Zeng Xianglong	180,600	1.190%
Zhang Yanyong	151,704	1.000%
Zhou Bing	151,704	1.000%
Zheng Yong	151,704	1.000%
Xu Chuan	151,704	1.000%
Jia Zhiyuan	151,704	1.000%
Ma Zhaoyi	151,704	1.000%
Li Lanxi	151,704	1.000%
Liu Xuetian (deceased)	109,650	0.723%
Luo Qiping	75,852	0.500%
Di Xiahong	72,240	0.476%
Li Xia	72,240	0.476%
Total:	12,136,320	80.000%

Upon completion of the equity transfers on August 23, 2006, Youxin Company was 80% owned by Honghua Company and 20% by nine individual shareholders, as follows:

<u>Shareholder</u>	<u>Approximate equity interest</u>
Honghua Company	80.000%
Zhao Ping	4.799%
Zhang Changlun	4.000%
Ju Lang	3.000%
Xie Xiaohong	3.000%
Chen Yaling	1.201%
Lin Ye	1.000%
Zhuang Jiandong	1.000%
Xiao Kaiyun	1.000%
Fang Yong	1.000%
Total:	100.000%

Honghua International

- (a) Pursuant to a shareholders' resolution of Honghua International, dated September 26, 2005, the registered capital was increased from RMB2,000,000 to RMB3,200,000. Except for Ao Pei and Li Hanqiang, all the other 18 individual shareholders contributed to the increase of registered capital of Honghua International. Details are as follows:

<u>Shareholder</u>	<u>Additional capital contribution (RMB)</u>	<u>Approximate equity interest</u>
Liu Zhi	185,000	14.594%
Ren Jie	230,000	11.750%
Liu Xuetian (deceased)	120,000	6.375%
Ma Limin	70,000	4.813%
Luo Qiping	70,000	4.438%
Zhou Bing	50,000	3.313%
Zhang Xu	50,000	3.000%
Xu Chuan	50,000	2.875%
Di Xiaohong	50,000	2.813%
Zheng Yong	50,000	2.813%
Fan Bing	40,000	2.688%
Zuo Huixian	55,000	2.656%
Chen Jun	50,000	2.500%
Zhang Yanyong	10,000	2.250%
Shu Yuanbin	30,000	1.938%
Chen Zhen	40,000	1.875%
Tian Diyong	30,000	1.625%
Wang Jiangyang	20,000	1.125%
Total:	1,200,000	73.438%

- (b) On October 16, 2005, Zhang Yanyong entered into an equity transfer agreement with Liu Zhi, pursuant to which Zhang Yanyong agreed to transfer a 0.300% equity interest in Honghua International to Liu Zhi, at a consideration of RMB6,000.
- (c) On October 20, 2005, Zhou Bing entered into an equity transfer agreement with Liu Zhi, pursuant to which Zhou Bing agreed to transfer a 0.400% equity interest in Honghua International to Liu Zhi, at a consideration of RMB8,000.

- (d) On July 18, 2006, each of the following individual shareholders entered into an equity transfer agreement with Honghua Company, pursuant to which the shareholders agreed to transfer an aggregate of approximately 55% equity interest in Honghua International to Honghua Company. Details of the equity transfers are as follows:

<u>Transferor</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Ren Jie	1,436,320	11.750%
Liu Zhi	1,061,960	8.688%
Liu Xuetian (deceased)	550,080	4.500%
Luo Qiping	542,440	4.438%
Zhang Xu	366,720	3.000%
Xu Chuan	351,440	2.875%
Zheng Yong	343,800	2.813%
Di Xiaohong	343,800	2.813%
Fan Bing	328,520	2.688%
Shu Yuanbin	236,840	1.938%
Chen Zhen	229,200	1.875%
Tian Diyong	198,640	1.625%
Ma Limin	191,000	1.563%
Zhang Yanyong	191,000	1.563%
Wang Jiangyang	137,520	1.125%
Li Hanqiang	106,960	0.875%
Ao Pei	84,040	0.688%
Zhou Bing	22,920	0.188%
Total:	6,723,200	55.000%

- (e) On July 18, 2006, the following transfers of equity interest in Honghua International were effected:

<u>Transferor</u>	<u>Transferee</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Liu Zhi	Liu Yonghong	88,000	2.750%
Liu Xuetian (deceased)	Liu Yonghong	40,000	1.250%
Liu Zhi	Li Ping	32,000	1.000%
Liu Zhi	Wang Wei	23,000	0.719%
Liu Zhi	Xue Yuqing	20,000	0.625%
Liu Zhi	Chen Honghong	20,000	0.625%
Liu Xuetian (deceased)	Zhang Aimin	20,000	0.625%
Zhang Yanyong	Zhang Wei	16,000	0.500%
Zuo Huixian	Mo Kunrong	15,000	0.469%
Zhang Yanyong	Jiang Ping	6,000	0.188%
Liu Zhi	Jiang Ping	6,000	0.188%

Hongtian Company

- (a) Pursuant to a shareholders' resolution of Hongtian Company, dated August 29, 2005, the registered capital was increased from RMB3,540,000 to RMB7,000,000. 11 individual shareholders contributed to the increase of registered capital of Hongtian Company. Details of the contributions are set out as follows:

<u>Name of shareholders</u>	<u>Additional capital contribution (RMB)</u>	<u>Approximate equity interest</u>
Zhang Cong	1,603,000	35.371%
Yi Langlin	419,000	10.057%
Wang Jiangyang	247,000	8.029%
Yuan Da	233,000	7.571%
Xiao Wei	221,000	7.057%
Liu Hong	177,000	5.914%
Bian Weidi	121,000	5.029%
Qu Yihong	124,500	4.843%
Xu Guomei	120,000	4.714%
Qu Xiaonan	134,500	4.557%
Du Zexia	60,000	1.714%
Total:	3,460,000	94.860%

Upon completion of the capital increase, Hongtian Company was owned by 15 individual shareholders, as follows:

<u>Shareholder</u>	<u>Approximate equity interest</u>
Zhang Cong	35.371%
Yi Langlin	10.057%
Wang Jiangyang	8.029%
Yuan Da	7.571%
Xiao Wei	7.057%
Liu Hong	5.914%
Bian Weidi	5.029%
Qu Yihong	4.843%
Xu Guomei	4.714%
Qu Xiaonan	4.557%
Tang Ying	2.571%
Du Zexia	1.714%
Li Meijuan	0.857%
Zeng Xianglong	0.857%
Ma Zhaoyi	0.857%
Total:	100.000%

- (b) On July 30, 2006, each of the following shareholders entered into an equity transfer agreement with Honghua Company, pursuant to which the shareholders agreed to transfer an aggregate of 80% equity interest in Hongtian Company to Honghua Company. Details of the equity transfers are as follows:

<u>Transferor</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Zhang Cong	7,281,720	19.371%
Yi Langlin	3,780,480	10.057%
Yuan Da	2,846,100	7.571%
Xiao Wei	2,652,780	7.057%
Liu Hong	2,223,180	5.914%
Bian Weidi	1,890,240	5.029%
Qu Yihong	1,820,430	4.843%
Xu Guomei	1,772,100	4.714%
Qu Xiaonan	1,713,030	4.557%
Wang Jiangyang	1,514,340	4.029%
Tang Ying	966,600	2.571%
Du Zexia	644,400	1.714%
Li Meijuan	322,200	0.857%
Zeng Xianglong	322,200	0.857%
Ma Zhaoyi	322,200	0.857%
Total:	30,072,000	80.000%

- (c) On July 31, 2006, Zhang Cong made the following transfers of equity interest in Hongtian Company:

<u>Transferee</u>	<u>Consideration (RMB)</u>	<u>Approximate equity interest transferred</u>
Li Qin	168,000	2.400%
Che Mingzhe	84,000	1.200%
Hu Likang	56,000	0.800%
Huang Sheng	42,000	0.600%
Liao Wenzhong	28,000	0.400%
Chen Tao	28,000	0.400%
He Yugang	21,000	0.300%
Luo Laijun	21,000	0.300%
Huang Huijian	21,000	0.300%
Zheng Liang	21,000	0.300%

Honghua America

- (a) On November 1, 2006, the following assignments of interests in Honghua America occurred:

<u>Assignor</u>	<u>Assignee</u>	<u>Approximate interest assigned</u>
Huang Zhun	Honghua Company	11.75%
Ao Pei	Honghua Company	11.75%
Zhang Mi	NCE Management Inc.	11.75%
Zhang Yanyong	NCE Management Inc.	6.25%
Zhang Yanyong	Honghua Company	5.50%

Upon completion of the above assignments, Honghua America was owned as to 80% by Honghua Company and 20% by NCE Management Inc.

- (b) On December 19, 2006, Honghua America was converted from a limited partnership to a limited liability company. Upon such conversion, Honghua America was owned 80% by Honghua Company and 20% by NCE Management Inc.

Golden Coast Company

Golden Coast Company was incorporated in the United Arab Emirates with limited liability on November 28, 2006. Its authorized share capital is UAE Dirhams 1,000,000, and it is wholly-owned by Honghua International.

Lucky Wish

Lucky Wish was incorporated in the BVI with limited liability on February 2, 2005. Its authorized share capital is US\$50,000, divided into 50,000 shares of US\$1.00 each. On December 5, 2005, one share was allotted to Liu Zhi, who holds that share in trust for Honghua International. The Group, has, pursuant to a letter issued by the Bureau of Commerce of Sichuan Province dated October 29, 2007, arranged to close down Lucky Wish after becoming aware of a possible deviation of the trust arrangement from the relevant PRC rules and regulations. The Group is currently (i) gathering the financial information of Lucky Wish; (ii) collecting accounts receivables of Lucky wish; (iii) settling the debts and liabilities of Lucky Wish; and (iv) liaising with BVI counsel for the purpose of closing down Lucky Wish. Lucky Wish will be closed down as soon as the relevant procedures required under BVI law are complete.

HH Egyptian Company

HH Egyptian Company was established as a limited company in Egypt on April 24, 2007. Its authorized capital is US\$30,000,000, and its issued capital is US\$12,000,000, divided into 12,000 shares of US\$1,000 each. Asia Harbour, Petroleum Projects and Technical Consultations Company, Engineering For the Petroleum and Process Industries Company, and Tharwa Petroleum Company own 50%, 25%, 10% and 15% of HH Egyptian Company, respectively.

4. Resolutions in writing, passed by all the shareholders of the Company, on January 21, 2008

1. By resolutions approved in writing by all the Shareholders, of the Company which were passed on January 21, 2008, the Company resolved, among other things that conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus (including any Shares which may be issued pursuant to the exercise of the options granted under the pre-IPO Share Option Scheme, the Share Option Scheme or the Over-allotment Option), the Offer Price having been duly determined on or before the Price Determination Date, and (ii) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Placing Agreement becoming unconditional (including, if appropriate, as a result of the waiver of any condition(s) thereunder) and not being terminated in accordance with the terms of the Hong Kong Underwriting Agreement and the International Placing Agreement or otherwise, in each case on or before the date falling 30 days after the date of this Prospectus:
 - (a) the Global Offering be and was thereby approved and the Directors were authorized to allot and issue, and to approve the transfer of, such number of Shares in connection with the Global Offering and any exercise of the Over-allotment Option as they see fit, on and subject to the terms and conditions stated in this Prospectus and in the relevant Application Forms;
 - (b) conditional further on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of the options granted under our Pre-IPO Share Option Scheme and Share Option Scheme, the rules of our Pre-

IPO Share Option Scheme and Share Option Scheme were approved and adopted, and the Directors were authorized, at their sole discretion, subject to the terms and conditions of our Pre-IPO Share Option Scheme and Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of subscription rights attaching to any options granted under our Pre-IPO Share Option Scheme and Share Option Scheme, and to take all such actions as they consider necessary or desirable to implement our Pre-IPO Share Option Scheme and Share Option Scheme, subject to the conditions therein;

- (c) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or pursuant to the exercise of any subscription rights which may be granted under our Pre-IPO Share Option Scheme and 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 Shareholders) with an aggregate nominal value of not more than the sum of:
 - (i) 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering; and
 - (ii) the aggregate nominal value of the Share capital of our Company repurchased by us (if any);
- (d) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to repurchase Shares to be listed on the Stock Exchange with a total nominal value of not more than 10% of the aggregate nominal value of the Company's Share capital in issue immediately following the completion of the Global Offering;
- (e) the general unconditional mandate as mentioned in paragraph (c) 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 the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above; and

Each of the general mandates referred to in paragraphs 1 (c), (d) and (e) above will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law or the Articles; or (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in a general meeting.

2. By another resolutions approved in writing by all Shareholders of the Company passed on January 21, 2008, the Company resolved, among other things, to adopt and approve our Memorandum of Association and the Articles of Association, the terms of which are summarized in "Appendix VI — Summary of the Constitution of Our Company and Cayman Islands Company Law".

5. The Reorganization

For information with regard to our corporate Reorganization, see the section entitled "Company History and Reorganization".

6. Repurchases of our own securities

This sub-section includes information relating to the repurchase of our Shares, including information required by the Stock Exchange to be included in this Prospectus concerning such repurchase.

(a) Relevant Legal and Regulatory Requirements

The Listing Rules permit our Shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our Shareholders in a general meeting.

(b) Shareholder Approval

All proposed repurchases of Shares must be fully paid up and must be approved in advance by ordinary resolutions of our Shareholders in a general meeting, either by a general mandate or by specific approval of a particular transaction.

On January 21, 2008 our Directors were granted a general unconditional 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 the earliest of (i) the conclusion of our next annual shareholders' general meeting, (ii) the date by which our next shareholders' general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked or varied by ordinary resolutions of our Shareholders in a general meeting (the period between granting and termination of the mandate being the "Relevant Period").

(c) Source of Funds

Our repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for that purpose, in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, we may make repurchases out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase.

(d) Reasons for Repurchases

Our Directors believe that it is in our and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share, and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

(e) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose, in accordance with our Memorandum of Association and Articles of Association and the Listing Rules.

On the basis of the current financial position of our Company, as disclosed in this Prospectus, and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or gearing of our Company. Our Directors do not propose to exercise the repurchase mandate to such an extent as would have a material adverse effect on the working capital requirements of our Company or gearing.

(f) Share Capital

The exercise in full of the current repurchase mandate, on the basis of 3,333,360,000 Shares in issue immediately after the Global Offering, could result in up to 333,336,000 Shares being repurchased by us during the Relevant Period.

(g) General

None of our Directors or, to the best of their knowledge, having made all reasonable inquiries, any of their Associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association, the Cayman Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. A Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Our Directors are not aware of any repurchases which would trigger such requirement under the Takeovers Code.

No connected person, as defined by the Listing Rules, has notified us that he or it either (i) has a present intention to sell his or its Shares to us, or (ii) has undertaken not to sell his or its Shares to us, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

We have entered into various contracts (which were not entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be material.

Reorganization contracts***The following contracts relate to reorganisation of the Company:***

- (a) a sale and purchase agreement (in English) dated October 16, 2007 entered into by Ally Giant, Zhang Mi and the Company, pursuant to which the Company acquired the entire issued share capital of Asia Harbour from Ally Giant, the consideration of which was satisfied by (i) crediting as fully paid the 1 nil paid Share in the issued share capital of the Company registered in the name of Ally Giant; and (ii) allotting and issuing 2,499,999,999 Shares by the Company to Ally Giant credited as fully paid; and
- (b) the Share Transfer Agreement (in English) dated October 17, 2007, entered into between Ally Giant, Nabors International and the Company.

The following contracts relate to reorganisation of Honghua Company:

- (a) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Yu Zhenghua, pursuant to which Honghua Company repurchased 234,930 shares, representing an approximately 1.12% equity interest in Honghua Company from Yu Zhenghua, at a consideration of RMB 1,377,065.63;

- (b) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Ni Xiurong, pursuant to which Honghua Company repurchased 472,857 shares, representing an approximately 2.25% equity interest in Honghua Company from Ni Xiurong, at a consideration of RMB 2,771,698.4;
- (c) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Li Yan, pursuant to which Honghua Company repurchased 790,460 shares, representing an approximately 3.76% equity interest in Honghua Company from Li Yan, at a consideration of RMB 4,633,360.09;
- (d) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Zhi Rongmo, pursuant to which Honghua Company repurchased 633,756 shares, representing an approximately 3.02% equity interest in Honghua Company from Zhi Rongmo, at a consideration of RMB 3,714,824.07;
- (e) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Zhou Tao, pursuant to which Honghua Company repurchased 546,065 shares, representing an approximately 2.60% equity interest in Honghua Company from Zhou Tao, at a consideration of RMB 3,200,814.43;
- (f) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Yang Yuanchun, pursuant to which Honghua Company repurchased 278,765 shares, representing an approximately 1.33% equity interest in Honghua Company from Yang Yuanchun, at a consideration of RMB 1,634,008.84;
- (g) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Liu Chuanjun, pursuant to which Honghua Company repurchased 859,155 shares, representing an approximately 4.09% equity interest in Honghua Company from Liu Chuanjun, at a consideration of RMB 5,036,022.64;
- (h) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Shi Shuming, pursuant to which Honghua Company repurchased 790,330 shares, representing an approximately 3.76% equity interest in Honghua Company from Shi Shuming, at a consideration of RMB 4,632,598.10;
- (i) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Yang Xuefeng, pursuant to which Honghua Company repurchased 375,205 shares, representing an approximately 1.79% equity interest in Honghua Company from Yang Xuefeng, at a consideration of RMB 2,199,301.48;
- (j) an equity repurchase agreement (in Chinese), dated January 12, 2006, entered into between Honghua Company and Xing Manrong, pursuant to which Honghua Company repurchased 1,111,133 shares, representing an approximately 5.29% equity interest in Honghua Company from Xing Manrong, at a consideration of RMB 6,513,016.81;
- (k) an equity repurchase agreement (in Chinese), dated January 12, 2006 entered into between Honghua Company and Wang Yaoxin, pursuant to which Honghua Company repurchased 973,959 shares, representing an approximately 4.64% equity interest in Honghua Company from Wang Yaoxin, at a consideration of RMB 5,708,957.75;

- (l) an equity buy-out agreement (in Chinese), dated May 22, 2006, entered into between Honghua Company and Deng Meng, pursuant to which Honghua Company repurchased an approximately 8.755% equity interest in Honghua Company from Deng Meng, at a consideration of RMB 6,673,275.42;
- (m) an equity buy-out agreement (in Chinese), dated May 22, 2006, entered into between Honghua Company and Yuan Guiqi, pursuant to which Honghua Company repurchased an approximately 8.755% equity interest in Honghua Company from Yuan Guiqi, at a consideration of RMB 6,673,275.42;
- (n) an equity buy-out agreement (in Chinese), dated May 22, 2006, entered into between Honghua Company and Huasheng Oil Company, pursuant to which Honghua Company repurchased an approximately 24.615% equity interest in Honghua Company from Huacheng Oil Company, at a consideration of RMB 18,761,717.04;
- (o) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Zhang Mi, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zhang Mi contributed RMB 6,750,000, and held an approximately 36% equity interest in Honghua Company;
- (p) a capital increase agreement (in Chinese), dated August 11, 2006 entered into between Honghua Company and Ren Jie, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Ren Jie contributed RMB 1,480,000, and held an approximately 7.893% equity interest in Honghua Company;
- (q) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Zheng Yong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zheng Yong contributed RMB 1,050,000, and held an approximately 5.6% equity interest in Honghua Company;
- (r) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Liu Zhi, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Liu Zhi contributed RMB 1,050,000, and held an approximately 5.6% equity interest in Honghua Company;
- (s) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Zuo Huixian, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zuo Huixian contributed RMB 820,000, and held an approximately 4.373% equity interest in Honghua Company;
- (t) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Zhang Xu, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zhang Xu contributed RMB 790,000, and held an approximately 4.213% equity interest in Honghua Company;
- (u) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Chen Jun, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Chen Jun contributed RMB 176,800, and held an approximately 0.943% equity interest in Honghua Company;

- (v) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Wang Jiangyang, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Wang Jiangyang contributed RMB 200,000, and held an approximately 1.067% equity interest in Honghua Company;
- (w) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Zhang Yanyong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zhang Yanyong contributed RMB695,140, and held an approximately 3.707% equity interest in Honghua Company;
- (x) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Fan Bing, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Fan Bing contributed RMB 780,000, and held an approximately 4.16% equity interest in Honghua Company;
- (y) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Ao Pei, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Ao Pei contributed RMB 131,905, and held an approximately 0.703% equity interest in Honghua Company;
- (z) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Shen Dingjian, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Shen Dingjian contributed RMB 53,465, and held an approximately 0.285% equity interest in Honghua Company;
- (aa) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Tian Diyong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Tian Diyong contributed RMB 68,000, and held an approximately 0.363% equity interest in Honghua Company;
- (ab) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Lu Lan, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Lu Lan contributed RMB 127,695, and held an approximately 0.681% equity interest in Honghua Company;
- (ac) a capital increase agreement (in Chinese), dated August 11, 2006, entered into between Honghua Company and Liu Xuetian (deceased), pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Liu Xuetian (deceased) contributed RMB 700,000, and held an approximately 3.733% equity interest in Honghua Company;
- (ad) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Zhou Bing, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zhou Bing contributed RMB 381,000, and held an approximately 2.032% equity interest in Honghua Company;
- (ae) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Li Hanqiang, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Li Hanqiang contributed RMB 68,800, and held approximately an 0.367% equity interest in Honghua Company;

- (af) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Liu Yingguo, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Liu Yingguo contributed RMB 30,000, and held an approximately 0.16% equity interest in Honghua Company;
- (ag) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Tian Yu, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Tian Yu contributed RMB 76,930, and held an approximately 0.41% equity interest in Honghua Company;
- (ah) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Zhang Cong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zhang Cong contributed RMB 853,000, and held an approximately 4.549% equity interest in Honghua Company;
- (ai) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Zhao Ping, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Zhao Ping contributed RMB 466,000, and held an approximately 2.485% equity interest in Honghua Company;
- (aj) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Luo Qiping, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Luo Qiping contributed RMB 300,000, and held an approximately 1.6% equity interest in Honghua Company;
- (ak) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Liu Gangqiang, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Liu Gangqiang contributed RMB 180,000, and held an approximately 0.96% equity interest in Honghua Company;
- (al) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Di Xiaohong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Di Xiaohong contributed RMB 172,000, and held an approximately 0.917% equity interest in Honghua Company;
- (am) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Ma Limin, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Ma Limin contributed RMB 164,000, and held an approximately 0.875% equity interest in Honghua Company;
- (an) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Xu Chuan, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Xu Chuan contributed RMB 143,000, and held an approximately 0.763% equity interest in Honghua Company;
- (ao) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Chen Zhen, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Chen Zhen contributed RMB 135,000, and held an approximately 0.72% equity interest in Honghua Company;

- (ap) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Liu Yonghong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Liu Yonghong contributed RMB 125,000, and held an approximately 0.667% equity interest in Honghua Company;
- (aq) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Di Baiwei, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Di Baiwei contributed RMB 30,000, and held an approximately 0.16% equity interest in Honghua Company;
- (ar) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Li Ping, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Li Ping contributed RMB 30,000, and held an approximately 0.16% equity interest in Honghua Company;
- (as) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Yang Hong, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Yang Hong contributed RMB 598,535, and held an approximately 3.192% equity interest in Honghua Company;
- (at) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Tian Daoyun, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Tian Daoyun contributed RMB 40,000, and held an approximately 0.213% equity interest in Honghua Company;
- (au) a capital increase agreement (in Chinese) dated August 11, 2006, entered into between Honghua Company and Tang Ying, pursuant to which Honghua Company increased its registered capital to RMB 18,750,000, of which Tang Ying contributed RMB 59,730, and held an approximately 0.319% equity interest in Honghua Company; and
- (av) an equity purchase and capital increase agreement (in Chinese), dated August 24, 2006, entered into between the Existing Shareholders and Asia Harbour, pursuant to which the Existing Shareholders transferred the entire equity interest in Honghua Company to Asia Harbour for a total consideration of the U.S. dollar equivalent to RMB155,000,000, Honghua Company increased its registered capital from RMB 18,750,000 to RMB 72,000,000, of which Asia Harbour contributed RMB 53,250,000.

The following contracts relate to reorganisation of Youxin Company

- (a) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhang Mi and Honghua Company, pursuant to which Zhang Mi transferred an equity interest equivalent to RMB235,200 registered capital in Youxin Company to Honghua Company;
- (b) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Liu Zhi and Honghua Company, pursuant to which Liu Zhi transferred an equity interest equivalent to RMB1,029,000 registered capital in Youxin Company to Honghua Company;
- (c) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Yuan Da and Honghua Company, pursuant to which Yuan Da transferred an equity interest equivalent to RMB117,600 registered capital in Youxin Company to Honghua Company;

- (d) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Qu Xiaonan and Honghua Company, pursuant to which Qu Xiaonan transferred an equity interest equivalent to RMB112,800 registered capital in Youxin Company to Honghua Company;
- (e) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhang Yanyong and Honghua Company, pursuant to which Zhang Yanyong transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (f) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhou Bing and Honghua Company, pursuant to which Zhou Bing transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (g) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhang Xu and Honghua Company pursuant to which Zhang Xu transferred an equity interest equivalent to RMB112,700 registered capital in Youxin Company to Honghua Company;
- (h) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Liu Xuetian (deceased) and Honghua Company, pursuant to which Liu Xuetian (deceased) transferred an equity interest equivalent to RMB42,500 registered capital in Youxin Company to Honghua Company;
- (i) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zheng Yong and Honghua Company, pursuant to which Zheng Yong transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (j) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Luo Qiping and Honghua Company, pursuant to which Luo Qiping transferred an equity interest equivalent to RMB29,400 registered capital in Youxin Company to Honghua Company;
- (k) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Xu Chuan and Honghua Company, pursuant to which Xu Chuan transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (l) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Di Xiaohong and Honghua Company, pursuant to which Di Xiaohong transferred an equity interest equivalent to RMB28,000 registered capital in Youxin Company to Honghua Company;
- (m) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Jie Zhiyuan and Honghua Company, pursuant to which Jie Zhiyuan transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (n) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Ma Zhaoyi and Honghua Company, pursuant to which Ma Zhaoyi transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (o) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Li Lanxi and Honghua Company, pursuant to which Li Lanxi transferred an equity interest equivalent to RMB58,800 registered capital in Youxin Company to Honghua Company;
- (p) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zeng Xianglong and Honghua Company, pursuant to which Zeng Xianglong transferred an equity interest equivalent to RMB70,000 registered capital in Youxin Company to Honghua Company;

- (q) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Li Xia and Honghua Company, pursuant to which Li Xia transferred an equity interest equivalent to RMB28,000 registered capital in Youxin Company to Honghua Company;
- (r) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Dai Huayin and Honghua Company, pursuant to which Dai Huayin transferred an equity interest equivalent to RMB793,800 registered capital in Youxin Company to Honghua Company;
- (s) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Lin Ning and Honghua Company, pursuant to which Lin Ning transferred an equity interest equivalent to RMB294,000 registered capital in Youxin Company to Honghua Company; and
- (t) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhao Ping and Honghua Company, pursuant to which Zhao Ping transferred an equity interest equivalent to RMB1,399,400 registered capital in Youxin Company to Honghua Company.

The following contracts relate to reorganisation of Honghua International

- (a) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Liu Zhi and Honghua Company, pursuant to which Liu Zhi transferred an equity interest equivalent to RMB278,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB 1,061,960 (inclusive of tax);
- (b) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Ren Jie and Honghua Company, pursuant to which Ren Jie transferred an equity interest equivalent to RMB376,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB 1,436,320 (inclusive of tax);
- (c) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Liu Xuetian (deceased) and Honghua Company, pursuant to which Liu Xuetian (deceased) transferred an equity interest equivalent to RMB144,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB 550,080 (inclusive of tax);
- (d) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhang Xu and Honghua Company, pursuant to which Zhang Xu transferred an equity interest equivalent to RMB96,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB 366,720 (inclusive of tax);
- (e) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Fan Bing and Honghua Company, pursuant to which Fan Bing transferred an equity interest equivalent to RMB86,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB 328,520 (inclusive of tax);
- (f) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Li Hanqiang and Honghua Company, pursuant to which Li Hanqiang transferred an equity interest equivalent to RMB28,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB106,960 (inclusive of tax);
- (g) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Ao Pei and Honghua Company, pursuant to which Ao Pei transferred an equity interest equivalent to RMB22,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB84,040 (inclusive of tax);

- (h) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Tian Diyong and Honghua Company, pursuant to which Tian Diyong transferred an equity interest equivalent to RMB52,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB198,640 (inclusive of tax);
- (i) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Ma Limin and Honghua Company, pursuant to which Ma Limin transferred an equity interest equivalent to RMB50,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB191,000 (inclusive of tax);
- (j) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhang Yanyong and Honghua Company, pursuant to which Zhang Yanyong transferred an equity interest equivalent to RMB50,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB191,000 (inclusive of tax);
- (k) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zhou Bing and Honghua Company, pursuant to which Zhou Bing transferred an equity interest equivalent to RMB6,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB22,920 (inclusive of tax);
- (l) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Wang Jiangyang and Honghua Company, pursuant to which Wang Jiangyang transferred an equity interest equivalent to RMB36,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB137,520 (inclusive of tax);
- (m) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Luo Qiping and Honghua Company, pursuant to which Luo Qiping transferred an equity interest equivalent to RMB142,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB542,440 (inclusive of tax);
- (n) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Xu Chuan and Honghua Company, pursuant to which Xu Chuan transferred an equity interest equivalent to RMB92,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB351,440 (inclusive of tax);
- (o) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Zheng Yong and Honghua Company, pursuant to which Zheng Yong transferred an equity interest equivalent to RMB90,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB343,800 (inclusive of tax);
- (p) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Di Xiaohong and Honghua Company, pursuant to which Di Xiaohong transferred an equity interest equivalent to RMB90,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB343,800 (inclusive of tax);
- (q) an equity transfer agreement (in Chinese), dated July 18, 2006, entered into between Chen Zhen and Honghua Company, pursuant to which Chen Zhen transferred an equity interest equivalent to RMB60,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company, at a consideration of RMB229,200 (inclusive of tax); and

- (r) an equity transfer agreement (in Chinese) dated July 18, 2006 entered into between Shu Yuanbin and Honghua Company, pursuant to which Shu Yuanbin transferred an equity interest equivalent to RMB62,000 registered capital in Honghua International and all interests deriving therefrom to Honghua Company at a consideration of RMB236,840 (inclusive of tax).

The following contracts relate to reorganisation of Hongtian Company

- (a) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Zhang Cong and Honghua Company, pursuant to which Zhang Cong transferred an approximately 19.37% equity interest, representing RMB1,356,000 registered capital in Hongtian Company to Honghua Company;
- (b) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Wang Jiangyang and Honghua Company, pursuant to which Wang Jiangyang transferred an approximately 4.03% equity interest, representing RMB282,000 registered capital in Hongtian Company to Honghua Company;
- (c) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Xiao Wei and Honghua Company, pursuant to which Xiao Wei transferred an approximately 7.06% equity interest, representing RMB494,000 registered capital in Hongtian Company to Honghua Company;
- (d) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Yi Langlin and Honghua Company, pursuant to which Yi Langlin transferred an approximately 10.06% equity interest, representing RMB704,000 registered capital in Hongtian Company to Honghua Company;
- (e) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Yuan Da and Honghua Company, pursuant to which Yuan Da transferred an approximately 7.57% equity interest, representing RMB530,000 registered capital in Hongtian Company to Honghua Company;
- (f) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Bian Weidi and Honghua Company, pursuant to which Bian Weidi transferred an approximately 5.03% equity interest, representing RMB352,000 registered capital in Hongtian Company to Honghua Company;
- (g) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Liu Hong and Honghua Company, pursuant to which Liu Hong transferred an approximately 5.91% equity interest, representing RMB414,000 registered capital in Hongtian Company to Honghua Company;
- (h) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Qu Yihong and Honghua Company, pursuant to which Qu Yihong transferred an approximately 4.84% equity interest, representing RMB339,000 registered capital in Hongtian Company to Honghua Company;
- (i) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Xu Guomei and Honghua Company, pursuant to which Xu Guomei transferred an approximately 4.71% equity interest, representing RMB330,000 registered capital in Hongtian Company to Honghua Company;
- (j) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Qu Xiaonan and Honghua Company, pursuant to which Qu Xiaonan transferred an approximately 4.56% equity interest, representing RMB319,000 registered capital in Hongtian Company to Honghua Company;
- (k) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Du Zexia and Honghua Company, pursuant to which Du Zexia transferred an approximately 1.71% equity interest, representing RMB120,000 registered capital in Hongtian Company to Honghua Company;
- (l) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Tang Ying and Honghua Company, pursuant to which Tang Ying transferred an approximately 2.57% equity interest, representing RMB180,000 registered capital in Hongtian Company to Honghua Company;

- (m) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Li Meijuan and Honghua Company, pursuant to which Li Meijuan transferred an approximately 0.86% equity interest, representing RMB60,000 registered capital in Hongtian Company to Honghua Company;
- (n) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Zeng Xianglong and Honghua Company, pursuant to which Zeng Xianglong transferred an approximately 0.86% equity interest, representing RMB60,000 registered capital in Hongtian Company to Honghua Company; and
- (o) an equity transfer agreement (in Chinese), dated July 30, 2006, entered into between Ma Zhaoyi and Honghua Company, pursuant to which Ma Zhaoyi transferred an approximately 0.86% equity interest, representing RMB60,000 registered capital in Hongtian Company to Honghua Company.

The following contracts relate to reorganisation of Honghua America

- (a) an assignment (in English), dated November 1, 2006, entered into between Zhang Yan Yong and Honghua Company, pursuant to which Zhang Yan Yong assigned a 5.5% limited partnership interest in Honghua America to Honghua Company, at a consideration of US\$10.00 and other good and valuable consideration paid by Honghua Company;
- (b) an assignment (in English), dated November 1, 2006, entered into between Huang Zhun and Honghua Company, pursuant to which Huang Zhun assigned an 11.75% limited partnership interest in Honghua America to Honghua Company, at a consideration of US\$10.00 and other good and valuable consideration paid by Honghua Company; and
- (c) an assignment (in English), dated November 1, 2006, entered into between Ao Pei and Honghua Company, pursuant to which Ao Pei assigned an 11.75% limited partnership interest in Honghua America to Honghua Company, at a consideration of US\$10.00 and other good and valuable consideration paid by Honghua Company.

The following contracts relate to reorganisation of HH Egyptian Company

- (a) a joint venture agreement (in English and Chinese), for the establishment of HH Egyptian Company, signed on December 26, 2006, by Honghua Company, Petroleum Projects and Technical Consultations Company, Engineering for the Petroleum and Process Industries Company and Tharwa Petroleum Company; and
- (b) a letter of declaration (in English and Chinese), signed on January 8, 2007, by Honghua Company and Asia Harbour, pursuant to which Asia Harbour replaced Honghua Company as a party to the Joint Venture Agreement for the establishment of HH Egyptian Company signed on December 26, 2006.

The following are other agreements entered into not in the ordinary course of business

- (a) a know-how license & technical assistance agreement (in Chinese and English), dated April 27, 2007, entered into between Honghua Company and HH Egyptian Company, pursuant to which Honghua Company agreed to provide HH Egyptian Company with technical information, know-how and technical assistance;
- (b) an investment Agreement (in English), dated November 29, 2006, entered into by, among others, Ally Giant, Ample Chance, Zhang Mi, Asia Harbour, Honghua Company, Carlyle Funds, Vincera Group, IP Cathay and DPF, pursuant to which Ally Giant agreed to issue the Notes, in the aggregate principal amount of US\$34,000,000, to Carlyle Funds, Vincera Group, IP Cathay and DPF;

- (c) an escrow agreement (in English), dated December 6, 2006, entered into between Carlyle Asia Growth Partners III, L.P. as Investor Representative (as defined therein), Asia Harbour, Ally Giant and China Merchants Bank Co., Ltd., Hong Kong Branch, pursuant to which Ally Giant directed Carlyle Asia Growth Partners III, L.P. and the Investors (as defined therein), to deposit US\$34,000,000, into an escrow account in the name of Asia Harbour, in China Merchants Bank Co. Ltd., Hong Kong Branch;
- (d) an escrow agreement (in Chinese), dated December 6, 2006, entered into between Carlyle Asia Growth Partners III, L.P. as Investor Representative (as defined therein), Honghua Company, Zhang Mi and China Merchants Bank Co., Ltd., Chengdu Jinguancheng Branch, pursuant to which, Honghua Company, Carlyle Asia Growth Partners III, L.P., and Zhang Mi jointly and irrevocably appointed China Merchants Bank Co., Ltd., Chengdu Jinguancheng Branch, as escrow bank;
- (e) a loan agreement (in Chinese), dated December 6, 2006, entered into between the Existing Shareholders and Honghua Company, pursuant to which the Existing Shareholders agreed to provide a loan, in the principal amount of RMB 49,600,000, to Honghua Company;
- (f) a supplemental agreement (in English), dated March 19, 2007, to the Investment Agreement, dated November 29, 2006, entered into by, among others, Ally Giant, Ample Chance, Zhang Mi, Asia Harbour, Honghua Company and the Financial Investors, pursuant to which Ally Giant agreed to issue the Notes, in the aggregate principal amount of US\$23,000,000, to China Ocean Oilfields Services (Hong Kong) Limited, and to amend certain provisions of the Investment Agreement dated November 29, 2006;
- (g) a supplemental agreement (in English), dated March 30, 2007, to the escrow agreement dated December 6, 2006, entered into between Carlyle Asia Growth Partners III, L.P., Asia Harbour, Ally Giant and China Merchants Bank Co., Ltd., Hong Kong Branch, containing amendments to certain provisions of the escrow agreement (in English), dated December 6, 2006;
- (h) a supplemental agreement (in Chinese), dated March 30, 2007, to the escrow agreement, dated December 6, 2006, entered into between Carlyle Asia Growth Partners III, L.P., Honghua Company, Zhang Mi and China Merchants Bank Co., Ltd., Chengdu Jin Guan Cheng Branch, containing amendments to certain provisions of the escrow agreement (in Chinese), dated December 6, 2006;
- (i) the Settlement Agreement (in English) dated October 17, 2007, entered into between Nabors International and Honghua Company;
- (j) the Technology License Agreement (in English) dated October 17, 2007, entered into between Nabors Global and the Company;
- (k) the Mutual Release (in English) dated October 17, 2007, entered into between Nabors International and Honghua Company;
- (l) a deed of indemnity in respect of tax (in English), dated February 15, 2008, entered into between each of the Existing Shareholders and Ally Giant, Ample Chance, Wealth Afflux Limited, Mowbray Worldwide Limited, Ecotech Enterprises Corporation, Otama Company Limited, Vast & Fast Corporation, Cavendish Global Corporation, Airtech Investments Limited, Ally Smooth, Charm Moral, Beauty Clear, Brondesbury Enterprises Limited, Oriental Starz Limited, Tech Express Enterprises Inc, Dobson Global Inc, Darius Enterprises Limited, Believe Power, Benefit Way, Birdview, (collectively “the covenantors”), in favour of the Company, pursuant to which the covenantors provided an indemnity to the Company for its tax liabilities; and





- (m) a deed of indemnity in respect of dispute and risk (in English) dated February 15, 2008 entered into between each of Ally Giant, Ample Chance, Wealth Afflux Limited, Mowbray Worldwide Limited, Ecotech Enterprises Corporation, Otama Company Limited, Vast & Fast Corporation, Cavendish Global Corporation, Airtech Investments Limited, Ally Smooth, Charm Moral, Beauty Clear, Brondesbury Enterprises Limited, Oriental Starz Limited, Tech Express Enterprises Inc, Dobson Global Inc, Darius Enterprises Limited, Believe Power, Benefit Way, Birdview, and the Existing Shareholders of the Company (collectively “the Indemnifiers”) in favour of the Group pursuant to which each of the Indemnifiers jointly and severally provided an indemnity to any members of the Group for potential damages that the Company may suffer as a result of the legal proceedings initiated by 57 plaintiffs or the dispute with 64 individuals.
- (n) a deed of non-competition (in Chinese), dated February 15, 2008, entered into among Ally Giant, Ample Chance, Ally Smooth, Charm Moral, Zhang Mi (張弭), Ren Jie (任杰), Liu Zhi (劉智), Zheng Yong (鄭勇), Zuo Huixian (左輝先), Zhang Xu (張旭), Wang Jiangyang (王江陽), Chen Jun (陳俊), Fan Bing (范兵), Zhang Yanyong (張彥永), Ao Pei (敖沛), Tian Diyong (田弟勇), Shen Dingjian (沈定建), Liu Xue Tian (deceased) Zhou Bing (周兵), Lu Lan (呂蘭), Tian Yu (田雨), Li Hanqiang (李漢強), Liu Yingguo (劉映國), Liu Lulu (劉露璐), He Guangfu (何光福), Zhang Zongyou (張宗友) and Chen Zongliang (陳宗良) (the “Covenantors”), in favour of our Company, pursuant to which each of the Covenantors has agreed amongst others, not to engage in any business which is involved in any activity conducted in the PRC or overseas which is in competition with, or is likely to be in competition with, the business carried on by any member of our Group, from time to time during the restricted period set out in the deed.
- (o) the Hong Kong Underwriting Agreement (in English) dated February 22, 2008;





2. Intellectual property rights

As of the Latest Practicable Date, our Group has registered or has applied for registration of the following intellectual property rights.



(a) Trademarks

- (i) As of the Latest Practicable Date, we owned or had registered (as the case may be) the following trademarks:


Trademark	Place of Registration	Registrant	Class	Registration No.	Validity Period
	PRC	Honghua Company	7 (Note 1)	3119960	September 21, 2003 to September 20, 2013
	PRC	Honghua Company	7 (Note 1)	3081373	April 28, 2007 to 27 April 2017
	Hong Kong	Honghua Company	7 (Note 1)	300890730	June 13, 2007 to June 12, 2017
	Hong Kong	Honghua Company	42 (Note 2)	300890730	June 13, 2007 to June 12, 2017

<u>Trademark</u>	<u>Place of Registration</u>	<u>Registrant</u>	<u>Class</u>	<u>Registration No.</u>	<u>Validity Period</u>
	Hong Kong	Honghua Company	7 (Note 1)	300890749	June 13, 2007 to June 12, 2017
	Hong Kong	Honghua Company	42 (Note 2)	300890749	June 13, 2007 to June 12, 2017
	Hong Kong	Honghua Company	7 (Note 1)	300890749	June 13, 2007 to June 12, 2017
	Hong Kong	Honghua Company	42 (Note 2)	300890749	June 13, 2007 to June 12, 2017

- (ii) As of the Latest Practicable Date, we have applied for, but not obtained, registration of the following trademarks:

<u>Trademark</u>	<u>Place of Application</u>	<u>Applicant</u>	<u>Class</u>	<u>Application No.</u>	<u>Application Date</u>
	PRC	Hongtian Company	7 (Note 3)	5115091	January 12, 2006
	PRC	Hongtian Company	7 (Note 3)	5115092	January 12, 2006

- (iii) Pursuant to (i) a Trademark Transfer Agreement, dated April 22, 2004, entered into among Huaian City Huahong Petroleum Mechanical Manufacturing Limited (淮安市華宏石油機械制造有限公司) as transferor, Honghua Company as transferee and Sichuan Southwest Trademark Office Co., Ltd. (四川西南商標事務所有限責任公司) as intermediary, and (ii) an approval from the Trademark Bureau, dated August 28, 2004, the following trademark was transferred to Honghua Company:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration No.</u>	<u>Validity Period</u>
	PRC	7 (Note 4)	1917007	December 7, 2002 to December 6, 2012

Note 1: The products and services covered under this class include: mine borers; geology prospecting; machining (apparatus for) mine selection and mining; mine well electric winch; drilling rigs (floating or non-floating); oil exploration, machining (apparatus for) oil refining (industrial use); apparatus for oil chemical industry; mud pump especially for petroleum; well cleaning equipment; oil pump specially for petroleum; and oil drilling rigs.

Note 2: The products and services covered under this class include: scientific and technological services and research and design relating thereto; industrial analysis and research; design and development of computer hardware and software; analysis for oil-field exploitation; analysis for oil exploitation; oil-well testing; geological surveying; geological exploration; oilfield surveying; oilfield prospecting; land surveying; oil prospecting; geological prospecting; geological research; calibration (measuring); underwater exploration; and surveying.

Note 3: The products and services covered under this class include: oil rigs; oil recover, oil refine industry equipment; electronic industry equipment; pneumatic components; oil chemical equipment; hydraulic components (exclusive of vehicles hydraulic system); and drilling equipment (floating or non-floating).

Note 4: The products and services covered under this class include: beach working cart; apparatus for oil chemical industry; oil exploration, machining (apparatus for) oil refining (industrial use); oil pump especially for petroleum; mud pump especially for petroleum; oil drilling rig; well cleaning equipment; well washing equipment; oil refining machine; and drilling rigs (floating or non-floating).

Source: Trademark Bureau

(b) Patents

(i) As of the Latest Practicable Date, we owned the following patents:

<u>Patent</u>	<u>Place of Registration</u>	<u>Patent No.</u>	<u>Certificate No.</u>	<u>Validity Period</u>
Digitally-controlled WOB auto-bit-feed device 數控變頻自動送鑽裝置	PRC	ZL 02 2 22561.7	546098	10 years, from May 14, 2002
AC VFD-controlled rig draw-works 能耗制動鑽機絞車	PRC	ZL 02 2 22560.9	545978	10 years, from May 14, 2002
A hydraulic device for transporting land rigs horizontally 一種陸地石油鑽機步進式液壓平移裝置	PRC	ZL 03 2 52990.2	644753	10 years, from September 29, 2003
Belt attached drawworks wheelwork 皮帶拼車整體傳動裝置	PRC	ZL 2004 2 0034664.1	731958	10 years, from May 9, 2004
A device for moving entire oil drilling rig 一種石油鑽機整體移動裝置	PRC	ZL 2004 2 0061826.0	753574	10 years, from October 28, 2004
Hydraulic pressure rising device for drilling rig control cabin 鑽機司鑽房液壓舉升裝置	PRC	ZL 2004 2 0061825.6	753411	10 years, from October 28, 2004
Synchronization control device for raising and laying down of mast and substructure of rig (utility model) 石油鑽機井架和底座液壓升降同步控制裝置 (實用新型)	PRC	ZL 2006 2 0036677.1	983876	10 years, from December 20, 2006

(ii) As of the Latest Practicable Date, we have applied for, but have not obtained, registration of the following patents:

<u>Patent</u>	<u>Place of Application</u>	<u>Application No.</u>	<u>Application Date</u>
Synchronization control device for raising and laying down of mast and substructure of rig (invention) 石油鑽機井架和底座液壓升降同步控制裝置 (發明)	PRC	200610022546.2	December 20, 2006
Drilling fluid transfer manifold 鑽井液輸送管匯裝置	PRC	200720078934.2	March 30, 2007
Self-lifting drilling fluid purification device 自升式鑽井液淨化裝置	PRC	200720078933.8	March 30, 2007
Casting stabbing board 套管扶正台	PRC	200720079406.9	April 30, 2007
Jack-up platform for offshore drilling 海洋鑽井自升式鑽井平台	PRC	200720079407.3	April 30, 2007
Synchronization controller of hydraulic raising for mast and substructure of rig 石油鑽機井架、底座液壓起升同步控制器	PRC	200720079408.8	April 30, 2007
Integrally trailered drawworks 整體拖掛絞車	PRC	200720079409.2	April 30, 2007
AC VFD drawworks with 2 gears 交流變頻兩檔絞車	PRC	200720079765.4	May 31, 2007
Transmission configuration for drilling pump with hydraulic motor drive 液壓馬達驅動鑽井泵傳動結構	PRC	200720079766.9	May 31, 2007
Single shaft drawworks with AC VFD planet gearing 交流變頻行星齒輪傳動單軸絞車	PRC	200720080357.0	July 19, 2007
Mud tank transporting device 鑽井液罐移運裝置	PRC	200720080974.0	September 7, 2007
Rig skidding device 鑽機整體移運裝置	PRC	200720080975.5	September 7, 2007
Rail skidding device with rail 軌道式鑽機平移裝置	PRC	200720080976.X	September 7, 2007
Intelligent control device for tubing gripper of injector of CTU 連續油管注入頭夾持機構智能化控制裝置	PRC	200710051007.6	December 27, 2007

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain names:

<u>Domain Name</u>	<u>Registrant</u>	<u>Date of Registration</u>	<u>Expiration Date</u>
hhcp.com.cn	Honghua Company	June 20, 2001	June 20, 2010
宏华.中国	Honghua Company	April 7, 2006	April 7, 2016
宏華.中國	Honghua Company	April 7, 2006	April 7, 2016
宏华.cn	Honghua Company	April 7, 2006	April 7, 2016
宏華.cn	Honghua Company	April 7, 2006	April 7, 2016
宏华.公司	Honghua Company	April 7, 2006	April 7, 2016
宏华.公司.cn	Honghua Company	April 7, 2006	April 7, 2016
宏華.公司	Honghua Company	April 7, 2006	April 7, 2016
宏華.公司.cn	Honghua Company	April 7, 2006	April 7, 2016
scyouxin.com	Youxin Company	July 2, 2003	July 2, 2010
鈷采设备	Youxin Company	March 19, 2004	March 19, 2014
鑽採設備	Youxin Company	March 19, 2004	March 19, 2014
友信.中国	Youxin Company	July 12, 2006	July 12, 2011
友信.cn	Youxin Company	July 12, 2006	July 12, 2011
友信.公司	Youxin Company	July 12, 2006	July 12, 2011
友信.公司.cn	Youxin Company	July 12, 2006	July 12, 2011
友信.网络	Youxin Company	July 12, 2006	July 12, 2011
友信.网络.cn	Youxin Company	July 12, 2006	July 12, 2011
hh-gtld.com	Honghua Group	November 13, 2007	November 13, 2017
hhgltld.com	Honghua Group	November 13, 2007	November 13, 2017
宏华集团.公司	Honghua Group	November 19, 2007	November 19, 2017
宏華集團.公司.cn	Honghua Group	November 19, 2007	November 19, 2017
宏华集团.公司	Honghua Group	November 19, 2007	November 19, 2017
宏華集團.公司.cn	Honghua Group	November 19, 2007	November 19, 2017

Except for the above, there are no other trade or service marks, patents, other intellectual or industrial property rights, which are or may be material concerning the Group's business.

C. DISCLOSURE OF INTERESTS**1. Interests and long and short positions of the Directors in the share capital of the Company and its associated corporations immediately following the Global Offering**

Immediately following completion of the Global Offering, the interests of our Directors of our Company in the equity or debt securities of our Company, or any associated corporations (within the meaning of Part XV of the SFO), which will have to be reported to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they have taken or are attributed to them under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company under that section, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be reported to our Company and the Stock Exchange are as follows:

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Long/short position</u>	<u>Number and class of securities</u>	<u>Approximate percentage of interest immediately after Global Offering (assuming no exercise of the Over-allotment Option)</u>
Zhang Mi	Corporate Interest and settlor of a discretionary trust ⁽¹⁾	Long	1,617,727,837 Shares	48.5%
Ren Jie	Corporate Interest and settlor of a discretionary trust ⁽²⁾	Long	1,617,727,837 Shares	48.5%
Zhang Xu	Corporate Interest and settlor of a discretionary trust ⁽³⁾	Long	1,617,727,837 Shares	48.5%

Notes:

- (1) Zhang Mi is a member of the Concert Group. He is the settlor of a discretionary trust, The ZYL Family Trust, whose trustee, through Wealth Afflux Limited, holds the entire issued share capital of Ally Smooth, which in turn is the beneficial owner of 36% of the issued share capital of Ample Chance, which in turn is the beneficial owner of the entire issued share capital of Ally Giant which will hold 1,617,727,837 Shares immediately following completion of the Global Offering.
- (2) Ren Jie is a member of the Concert Group. He is the settlor of a discretionary trust, The RJDJ Victory Trust, whose trustee, through Mowbray Worldwide Limited, holds approximately 41.34% of the issued share capital of Charm Moral, which in turn is the beneficial owner of approximately 19.09% of the issued share capital of Ample Chance, which in turn is the beneficial owner of the entire issued share capital of Ally Giant which will hold 1,617,727,837 Shares immediately following completion of the Global Offering.
- (3) Zhang Xu is a member of the Concert Group. He is the settlor of a discretionary trust, The Hong Xu Family Trust, whose trustee, through Cavendish Global Corporation, holds approximately 22.77% of the issued share capital of Beauty Clear, which in turn is the beneficial owner of approximately 18.51% of the issued share capital of Ample Chance, which in turn is the beneficial owner of the entire issued share capital of Ally Giant which will hold 1,617,727,837 Shares immediately following completion of the Global Offering.

2. Substantial Shareholders

Information on the substantial shareholders of the Company is set out in the section entitled “Substantial Shareholders” of this Prospectus.

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF AND EXPERTS**1. Particulars of service contracts**

We have entered into a service contract with each of our Directors, pursuant to which each Director is appointed for a term of three years, effective from the Listing Date, subject to re-election in accordance with

our Articles of Association at our general meetings, or unless it is otherwise stated in the service contract, by termination by either us or such Director by three months' notice in writing.

The service contracts are available for inspection at the times and places set out in Appendix VIII to this Prospectus.

All our directors' service contracts expire or as terminable within one year without the payment of compensation (other than the statutory compensation).

2. Directors' remuneration

The directors' remuneration which included fees, salaries, housing allowances, other allowances (including the contribution to the pension scheme on behalf of the Directors) for the three years ended December 31, 2004, 2005 and 2006 and the eight months ended August 31, 2007 were RMB659,000, RMB1,326,000, RMB2,359,000 and RMB885,003 respectively.

It is estimated that remuneration and benefits in kind (including share options), equivalent to approximately HK\$16 million in the aggregate, will be paid or distributed to our Directors by us, for the financial year ended December 31, 2008, under arrangements in effect as of the date of this Prospectus.

3. Fees or commissions received

Except as disclosed in this Prospectus, none of the Directors or any of the persons whose names are listed in the paragraph entitled "Consents" in this Appendix VII, have received any commissions, discounts, agency fees, brokerage fees or other special terms in connection with any sales to or purchase from any member of our Group within the two years preceding the date of this Prospectus.

4. Related party transactions

During the two years preceding the date of this Prospectus, we were engaged in related party transactions, as described in the section entitled "Connected Transactions," and in note 27 to the "Accountants' Report", in Appendix I to this Prospectus.

E. DISCLAIMERS

Except as disclosed in this Prospectus:

- (a) none of our Directors has any interests on long or short positions in the Shares, underlying Shares and debentures of our Company, or any associated corporation (within the meaning of Part XV of the SFO), which is required to be reported to us and the Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and long or short positions which he/she has taken or is attributable to him/her under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered into the register required to be kept by the Company under that section, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies, to be reported to us and the Stock Exchange, in each case once our Shares are listed;
- (b) none of our Directors, or any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix VII, is involved in the promotion of the Group, or has an interest in any assets which have, within the two years immediately preceding the date of this Prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (c) none of our Directors, or any of the parties listed in the paragraph headed “Consents” in the section entitled “Other Information” of this Appendix VII, is materially interested in any contract or arrangement, existing as of the date of this Prospectus, which is significant in relation to our business;
- (d) except for the Underwriting Agreements, none of the parties listed in the paragraph headed “Consents” in the section entitled “Other Information” of this Appendix VII:
 - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribed for our securities;
- (e) within the two years preceding the date of this Prospectus, we have not issued, or agreed to issue, any share or loan fully or partly paid, either for cash or for consideration other than cash;
- (f) no share or loan of our Company is subject to any option, or is subject to any conditional or unconditional agreement to be subject to any option;
- (g) we have not issued, or agreed to issue, any founder shares, management shares or deferred shares;
- (h) none of the equity or debt securities of our Company is listed or dealt with in any stock exchange, and no listing or permission to deal exists or is proposed;
- (i) we have no outstanding convertible debt securities;
- (j) within the two years immediately preceding the date of this Prospectus, no commissions, discounts, brokerages or other special items have been paid or granted, in connection with the sale of any shares or issue any loans to or from our Company or any of our subsidiaries;
- (k) within the two years preceding the date of this Prospectus, no commission has been paid or is payable (except commissions to the Underwriters) for subscriptions, agreements to subscribe, procuring subscriptions or agreements to procure subscriptions of any Shares in our Company; and
- (l) none of our Directors or their Associates has any interest in our five largest suppliers or in our top five business customers.

F. PRE-IPO SHARE OPTION SCHEME

1. Summary of Terms

The purpose of the Pre-IPO Share Option Scheme is to retain the best available personnel, to provide additional incentive or rewards to employees (full-time and part-time), directors, consultants and advisers of the Group for their contribution to the Group and to promote the success of the business of the Group. The principal terms of the Pre-IPO Share Option Scheme which were approved by resolutions in writing of all the Shareholders dated January 21, 2008 are substantially the same as the terms of the Share Option Scheme (where applicable) except for the following principal terms:

- (a) the subscription price per Share shall be the Offer Price;

- (b) the maximum number of Shares which may be issued upon exercise of all options granted under the Pre-IPO Share Option Scheme is 125,000,000 Shares, representing 5% of the issued share capital of the Company immediately prior to the Listing;
- (c) the exercise period and life of the options are different from the terms of the Share Option Scheme as detailed in the paragraph “Outstanding Options Granted” immediately below;
- (d) each option may be exercised at any time during a period commencing on the date upon which the option is accepted in accordance with the terms of the Pre-IPO Option Scheme but in any event shall not exceed ten years from the date of offer subject to the provisions of early termination thereof; and
- (e) save for the options which have been granted as at the Latest Practicable Date, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

The options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme are non-transferable.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the 60,000,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

2. Outstanding Options Granted

As at the date of this Prospectus, options to subscribe for an aggregate of 60,000,000 Shares (representing approximately 1.8% of the issued share capital of the Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised) at an exercise price equal to the Offer Price have been conditionally granted by the Company under the Pre-IPO Share Option Scheme. A total of 270 eligible participants were granted options at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme on January 21, 2008 and no further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

A full list of such grantees containing all the details in respect of each option required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Listing Rules is set out below:

<u>Grantee and Position</u>	<u>Address</u>	<u>Commencement of exercise period</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Exercise Price</u>
Director Zhang Mi Chairman of the Board, Executive Director and President of the Company	Block F, No.1, Section 1, East Guangdong Road, Guanghan City, Sichuan Province, PRC	Anytime after the Listing Date	January 21, 2008	1,980,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	1,980,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	1,980,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	1,980,000	Offer Price

<u>Grantee and Position</u>	<u>Address</u>	<u>Commencement of exercise period</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Exercise Price</u>
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	1,980,000	Offer Price
Ren Jie Executive Director and Vice-President of the Company	No. 1, 2/F., Unit 2, Block 1, No. 1, Section 1, East Guangdong Road, Guanghan City, Sichuan Province, PRC	Anytime after the Listing Date	January 21, 2008	620,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	620,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	620,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	620,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	620,000	Offer Price
Director Zhang Xu Executive Director	No.3-1, Unit 4, Block 26, No.87, Section 2, South Zhongshan Road, Guanghan City, Sichuan Province, PRC	Anytime after the Listing Date	January 21, 2008	238,200	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	238,200	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	238,200	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	238,200	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	238,200	Offer Price
Senior Management Liu Zhi Vice-President of the Company	1-1-3 Bldg 1, No.26 Mengzhuiwan St. Weihua District, Chengdu, Sichuan, PRC	Anytime after the Listing Date	January 21, 2008	560,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	560,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	560,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	560,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	560,000	Offer Price

<u>Grantee and Position</u>	<u>Address</u>	<u>Commencement of exercise period</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Exercise Price</u>
Luo Qiping Vice-President of the Company	Taozhu Ge, Tao Yuan, Shahe Street, Deyang City, Sichuan, PRC	Anytime after the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
Liu Gangqiang Secretary of the Board	10-5-2 Bldg 1, No. 56 Sec 1, South Lushan Road, Jingyang District, Deyang City, Sichuan Province, PRC	Anytime after the Listing Date	January 21, 2008	360,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	360,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	360,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	360,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	360,000	Offer Price
Lu Hong Financial Controller	Chengjian Main Office No. 62 Xueyuan South Road, Haiding District Beijing, PRC	Anytime after the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
Zhang Cong	201 Unit 1, Bldg 3, No. 99 Tongyou Street, Chengdu City, Sichuan Province, PRC	Anytime after the Listing Date	January 21, 2008	420,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	420,000	Offer Price

<u>Grantee and Position</u>	<u>Address</u>	<u>Commencement of exercise period</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Exercise Price</u>
		Anytime after the second anniversary of the Listing Date	January 21, 2008	420,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	420,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	420,000	Offer Price
Zhao Ping	2-4-2 Bldg 1, Honghua Yuan, Sec 2, South Zhongshan Road, Guanghan City, Sichuan Province, PRC	Anytime after the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the first anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	340,000	Offer Price
		Anytime after the Listing Date	January 21, 2008	340,000	Offer Price
Other employees		Anytime after the first anniversary of the Listing Date	January 21, 2008	6,801,800	Offer Price
		Anytime after the second anniversary of the Listing Date	January 21, 2008	6,801,800	Offer Price
		Anytime after the third anniversary of the Listing Date	January 21, 2008	6,801,800	Offer Price
		Anytime after the fourth anniversary of the Listing Date	January 21, 2008	6,801,800	Offer Price
		Anytime after the Listing Date	January 21, 2008	6,801,800	Offer Price
Total				60,000,000	

The total number of Shares subject to options granted under the Pre-IPO Share Option Scheme is 60,000,000 Shares, representing approximately 1.8% of the issued share capital of the Company upon completion of the Global Offering (but excluding all Shares which may be issued upon the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or upon the exercise of the Over-allotment Option), or approximately 1.8% of the enlarged issued share capital of the Company upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme on completion of the Global Offering (excluding all Shares which may be issued upon the exercise of the options granted or to be granted under the Share Option Scheme and the Over-allotment Option). Assuming full exercise of these options, the shareholding of Ally Giant, Carlyle Funds, Vincera Group, DPF, IP Cathay, COOS and Nabors International in the Company will be diluted to approximately 47.6%, 4.9%, 0.8%, 1.6%, 0.4%, 5.1% and 13.3% respectively, and our earnings per Share would also be diluted by approximately 1.65%.

However, as the options are exercisable for a period of several years, any such dilution and impact on earnings per Share will be staggered over such period. No further options will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date.

Each of the grantees has undertaken to the Company that, in relation to any Shares which he or she obtains pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, he or she will not, without the prior written consent of the Company and the Stock Exchange and unless in compliance with the requirements of the Listing Rules at any time during the period from the date of exercise of the options and ending on the date which is six months from the Listing Date (“Lock-up Period”), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of such Shares or any interest therein held by him or her during the Lock-up Period or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so, and in the event of a disposal by him or her of such Shares or any interest therein thereafter he or she will ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

With respect to those grantees who are also Directors, they have further undertaken to the Company that no options granted under the Pre-IPO Share Option Scheme will be exercised to the extent that the percentage of the Shares in the public hands will be less than the minimum public float requirements under Rule 8.08 of the Listing Rules as a result thereby.

G. SHARE OPTION SCHEME

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	January 21, 2008, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolution
“Board”	The Board of Directors or a duly authorized committee of the Board of Directors
“Group”	The Company and any entity in which the Company, directly or indirectly, holds any equity interest
“Scheme Period”	The period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof
“Participant”	(a) any executive director, employee or proposed employee (whether full time or part time) of any member of the Group; (b) any non-executive director (including independent non-executive directors) of any member of the Group; (c) any supplier of goods or services to any member of the Group; (d) any customer of any member of the Group; (e) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; (f) any shareholder of any member of the Group or any holder of any

securities issued by any member of the Group; (g) any joint venture partner, business or strategic alliance partner, in each case of any member of the Group; (h) any discretionary trust whose discretionary objects may be any executive director, employee or proposed employee (whether full time or part time) and any non-executive director (including independent non-executive directors) of any member of the Group, any supplier of goods or services to any member of the Group, any customer of any member of the Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group, any shareholder of any member of the Group or any holder of any securities issued by any member of the Group, and any joint venture partner, business or strategic alliance partner, in each case of any member of the Group;

(2) Summary of terms

The following is a summary of the principal terms of the Share Options Scheme conditionally approved by a resolution in writing of all the Shareholders passed on January 21, 2008 and adopted by a resolution of the Board on January 21, 2008. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules:

(i) Purpose of the Share Option Scheme

The purpose of the Scheme is to provide incentives or rewards to Participants for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are available to the Group.

The Scheme will give the Participants an opportunity to have a personal stake in the Company and will (a) motivate the Participants to optimise their performance and efficiency; and (b) attract and retain the Participants whose contributions are important to the long-term growth and profitability of the Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any Participant options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any Participant to the grant of any option shall be determined by the Board (or as the case may be, the Independent Non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the higher of : (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (c) the nominal value of a Share on the date of grant of the option.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be made to a Participant on a trading day by letter in such form as the Board may from time to time determine, requiring the Participant to

undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant concerned within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

No Offer may be made after a price sensitive event of the Group has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. No Option may be granted during the period commencing one month immediately preceding the earlier of: (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to publish an announcement of its 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).

(v) *Maximum number of Shares*

- (a) The aggregate 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 any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit"). No options may be granted under the Share Option Scheme or any other share option schemes of the Company, if this will result in such 30% limit being exceeded.
- (b) Subject to the Scheme Limit and sub-paragraph (c) and (d) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the nominal amount of all the issued Shares as at the Listing Date (the "Scheme Mandate Limit"). Therefore, it is expected that the Company may grant options in respect of up to 333,336,000 Shares (or such numbers of shares as shall result from a sub-division or a consolidation of such 333,336,000 Shares from time to time) to the Participants under the Share Option Scheme.
- (c) The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue at the date of approval of the limit (the "Refreshed Limit"). Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purposes of calculating the Refreshed Limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (d) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit under sub-paragraph (b) and (c) provided the

options in excess of the limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, and such other information required under the Listing Rules.

(vi) *Maximum entitlement of each Eligible Person*

The total number of Shares issued and to be issued upon exercise of options granted to any Participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the Participant, the number and terms of the options to be granted (and options previously granted to such Participant), and all other information required under the Listing Rules. The number and terms (including the exercise price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) *Grant of options to certain connected persons*

- (a) Any grant of an option to a Director, chief executive or substantial Shareholder of the Company (or any of their respective Associates) must be approved by the Independent Non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (b) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director (or any of their respective Associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million.

such further grant of options is required to be approved by Shareholders in general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. All connected persons of the Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective Associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(ix) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(x) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles 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 accordingly will entitle the holders to participate in all dividends or other distribution paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment.

(xi) Rights are personal to grantee

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

(xii) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiii) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvi), (xvii) and (xviii) occurs prior to his death or within such period of six months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiii) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious 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 integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with the Group.

(xiv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee of the Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiii) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not).

(xv) Effects of alterations to share capital

In the event of a capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices; as the auditors or financial adviser of the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplemental guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to the share option schemes (the "Supplemental Guidance").

Any such alternations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company (as interpreted in accordance with the Supplemental Guidance) for which any grantee of any option is entitled to subscribe pursuant to the options held by him before such alternation and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alternation will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance regarding any such alternations. Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(xvi) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xvii) Rights on winding-up

In the event a notice is given by the 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 the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the 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 the 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.

(xviii) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company pursuant to the Companies Law, the Company shall give notice thereof to all the grantees (or as the case may be, his legal personal representative(s)) on the same day as it gives notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement and the options shall become exercisable on such date until the earlier of two months after that date and the date on which such compromise or arrangement is sanctioned by the court of the Cayman Islands and becomes effective.

(xix) 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 period referred to in paragraph (viii) above;
- (b) the date on which the grantee commits a breach of paragraph (xi) above;
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph (xii), (xiv), (xvi), (xvii) and (xviii) above; and
- (d) subject to (xvii) above, the date of the commencement of the winding-up of the Company;
- (e) in the event of (xiii) above, the date on which the grantee ceases his employment with the Group;
- (f) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty; and
- (g) where the grantee is a substantial shareholder of any member of the Group, the date on which the grantee ceases to be a substantial shareholder of such member of the Group.

(xx) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Share Option Scheme is adopted by the Shareholders in general meeting or by way of written resolution and shall expire at the close of business on the day preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(xxii) Alteration to the Share Option Scheme

- (a) The Share Option Scheme may be altered in any respect by resolution of the Board except that alternations of the provisions of the Share Option Scheme which alters to the advantage of the grantees or prospective grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (b) Any amendment to any terms of the Share Option Scheme, which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (c) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(xxiii) Termination to the Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxiv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares to issued pursuant to the exercise of any options granted under the Share Option Scheme.

3. Present status of the Share Option Scheme

Application has been made to the Listing Committee for listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

4. Disclosure of the Share Option Scheme

The Company shall disclose all information of the Share Option Scheme as required by the Listing Rules or any other applicable rules and regulations in its annual and interim reports.

As at the date of this Prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

H. OTHER INFORMATION**1. Tax and other indemnity**

Each of Ally Giant, Ample Chance, Wealth Afflux Limited, Mowbray Worldwide Limited, Ecotech Enterprises Corporation, Otama Company Limited, Vast & Fast Corporation, Cavendish Global Corporation, Airtech Investments Limited, Ally Smooth, Charm Moral, Beauty Clear, Brondesbury Enterprises Limited, Oriental Starz Limited, Tech Express Enterprises Inc, Dobson Global Inc, Darius Enterprises Limited, Believe

Power, Benefit Way, Birdview and the Existing Shareholders of the Company (collectively, the “Covenantors”) has, pursuant to a deed of indemnity in respect of tax referred to the paragraph headed “Summary of material contracts” in this Appendix, given jointly and severally indemnities to the Company, in respect of, among other things:

- a. any taxation liability of the Company and the Company’s proportionate interest of any Taxation Liability of any of the other members of the Group which has arisen or may arise wholly or partly:
 - (i) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Global Offering becomes unconditional; or
 - (ii) in respect of income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which the Global Offering becomes unconditional;
- b. any Taxation Liability under or by virtue of the provisions of section 35 and section 43 of the Estate Duty Ordinance (Cap. 111 of the Laws of Hong Kong) or any similar laws and regulations of any relevant jurisdiction arising on the death of any person at any time by reason of any transfer of any property to the Company or any member of the Group made or deemed to have been made on or before the date on which the Global Offering becomes unconditional or by reason of any property of any of the Companies being deemed for the purpose of estate duty to be included in the property passing on death of any of the Covenantor by reason of that person making or having made a transfer to such member of the Group on or before the date on which the Global Offering becomes unconditional;

save:

- a. to the extent that specific provision or reserve has been made for it in the Accounts;
- b. to the extent that the taxation liability would not have arisen but for any voluntary act of the Company or any member of the Group after the date on which the Global Offering becomes unconditional which the Company or the relevant member of the Group ought reasonably to have known would give rise to such taxation liability but excluding any act:
 - (i) carried out pursuant to a legally binding obligation of the Company or any member of the Group entered into or incurred on or before the date on which the Global Offering becomes unconditional; or
 - (ii) pursuant to an obligation imposed by any law, regulation or requirement having the force of law; or
 - (iii) taking place with the written approval of the Covenantors or pursuant to the Global Offering or any document executed pursuant to the Global Offering; or
 - (iv) occurring in the ordinary course of business of the Company or the relevant member of the Group; or
- c. to the extent that the Taxation Liability arises in the ordinary course of business of the Company or any member of the Group after the August 31, 2007 up to and including the date on which the Global Offering becomes unconditional; or
- d. to the extent that the Taxation Liability arises or is increased as a result only of:
 - (i) an increase in rates of Taxation made after the date on which the Global Offering becomes unconditional with retrospective effect; or
 - (ii) the passing of any legislation after the date on which the Global Offering becomes unconditional with retrospective effect.

Furthermore, Ally Giant, Ample Chance, Wealth Afflux Limited, Mowbray Worldwide Limited, Ecotech Enterprises Corporation, Otama Company Limited, Vast & Fast Corporation, Cavendish Global Corporation, Airtech Investments Limited, Ally Smooth, Charm Moral, Beauty Clear, Brondesbury Enterprises Limited, Oriental Starz Limited, Tech Express Enterprises Inc, Dobson Global Inc, Darius Enterprises Limited, Believe Power, Benefit Way, Birdview, and the Existing Shareholders of the Company executed a deed of indemnity in respect of dispute and risk dated February 15, 2008 in favour of the Group under which they agree to jointly and severally indemnify any members of the Group for any potential damages that the Company may suffer as a result of the legal proceedings initiated by the 57 plaintiffs or the dispute with the 64 investors.

2. Litigation

Save for the disputes with 64 natural persons as disclosed in the “Risk Factors” section and the subsection headed “Legal Proceedings” in “Our Business” section of this Prospectus, we are not aware of any other litigation or arbitration proceedings pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operation.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for listing of, and permission to deal in, the Shares and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and options granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made enabling the securities to be admitted to CCASS.

The listing of our Shares on the Stock Exchange is jointly sponsored by Credit Suisse (Hong Kong) Limited and Morgan Stanley Asia Limited. Each of the Joint Sponsors have declared pursuant to Rule 3A.08 of the Listing Rule that is independent pursuant to Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$50,000 and are payable by us.

5. Qualifications of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who have given their opinions or advice in this Prospectus are as follows:

Name	Qualification
Credit Suisse (Hong Kong) Limited	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Morgan Stanley Asia Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising in securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
KPMG	Certified public accountants
Sallmanns (Far East) Limited	Chartered Surveyors
King & Wood	PRC legal advisers
Appleby	Cayman Islands legal advisers
Spears & Associates Inc	Technical Consultants

6. Consents

Each of Credit Suisse (Hong Kong) Limited, Morgan Stanley Asia Limited, KPMG, Sallmanns (Far East) Limited, King & Wood, Appleby and Spears & Associates has given and has not withdrawn its respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any of our members or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any of our members.

7. Waivers from Strict Compliance with Rule 4.04(1) of the Listing Rules and Paragraph 27 and Paragraph 31 of the Third Schedule to the Companies Ordinance

In strict compliance with the requirements contained in (i) Rule 4.04(1) of the Listing Rules (“Rule 4.04(1)”); and (ii) paragraph 27 (“Paragraph 27”) and paragraph 31 (“Paragraph 31”) of the Third Schedule of the Companies Ordinance, the Company is required to produce full year audited accounts for the year 2007. The Company has applied to the SFC and the Stock Exchange for waivers from strict compliance with the requirements contained in (i) Rule 4.04(1) and (ii) Paragraph 27 and Paragraph 31 of the Third Schedule of the Companies Ordinance on the ground that strict compliance with the requirements contained in (i) Rule 4.04(1) and (ii) Paragraph 27 and Paragraph 31 of the Third Schedule of the Companies Ordinance would be unduly burdensome for the Company in that there would not have been sufficient time for the Company to produce and the Reporting Accountants to audit the financial statements for the year ended December 31, 2007 prior to the Global Offering. A certificate of exemption from strict compliance with the requirements under Paragraph 27 and Paragraph 31 of the Third Schedule to the Companies Ordinance has been granted by the SFC to the Company under section 342A of the Companies Ordinance. The Stock Exchange has also granted its waiver to the Company from strict compliance with Rule 4.04(1) of the Listing Rules.

The Directors consider that all information reasonably necessary for the potential investors to make an informed assessment of the Group’s activities and financial position has been included in this Prospectus.

The Directors confirm that they have performed sufficient due diligence on the Group to ensure that up to the date of this Prospectus, there has been no material adverse change in the financial or trading position of the Group since August 31, 2007 and there is no event since August 31, 2007 which would materially affect the information shown in the Accountants’ Report as set out in Appendix I to this Prospectus. The Directors have further confirmed that the Reporting Accountants have disclosed all material events which have arisen since August 31, 2007 under the subsequent events note of the Accountants’ Report as set out in Appendix I to this Prospectus.

8. Binding effect

This Prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Bilingual Prospectus

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