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STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 July 2007. Our Company has established a principal place of business in Hong Kong at Suite 4803, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 12 June 2008. Mr. Chun Chi-wai has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising a memorandum of association and the articles of association. A summary of certain provisions of its constitution and relevant aspects of Cayman company law is set out in Appendix VI to this document.

2. Change in share capital

The authorised share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each.

On 18 July 2007, one subscriber share with the par value of HK\$0.10 was transferred to Mr. Chun Chi-wai.

On 30 September 2007, our Company allotted and issued 99 shares with the par value of HK\$0.10 each, all credited as fully paid, to Wellrun as directed by Mr. Chun Chi-wai, and credited as fully-paid share with par value of HK\$0.10 the one nil-paid share with the par value of HK\$0.10 held by Mr. Chun Chi-wai as consideration for our Company’s acquisition of the entire issued share capital of Asia Steel (Holdings) from Mr. Chun Chi-wai pursuant to the Reorganisation. On the same day, Mr. Chun Chi-wai transferred one share with the par value of HK\$0.10 to Wellrun at par.

Pursuant to the resolutions in writing of the sole Shareholder passed on 23 October 2007, every issued and unissued share of HK\$0.10 each in the capital of our Company was sub-divided into 1,000 shares of HK\$0.0001 each such that the authorised share capital of our Company became HK\$380,000 divided into 3,800,000,000 shares with the par value of HK\$0.0001 and the issued share capital of our Company became HK\$10 divided into 100,000 shares with the par value of HK\$0.0001. On 1 February 2008, our Company allotted and issued one share of HK\$0.0001 credited as fully paid to Wellrun for a cash consideration of US\$30,000,000.

Pursuant to the resolutions in writing of the sole Shareholder passed on 22 May 2009, the authorised share capital of our Company was subsequently further increased to HK\$1,000,000 divided into 10,000,000,000 Shares.

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Save for aforesaid and as mentioned in the paragraph headed “Resolutions in writing of the sole Shareholder passed on 22 May 2009” below, there has been no alteration in the share capital of our Company since its incorporation.

3. [●]

4. Corporate reorganisation

The companies comprising the Group underwent the Reorganisation in preparation for [●]. The Reorganisation involved the following:

- (a) On 18 July 2007, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 3,800,000 shares with the par value of HK\$0.10. On 18 July 2007, one subscriber share with the par value of HK\$0.10 was transferred to Mr. Chun Chi-wai.
- (b) On 30 September 2007, Asia Steel (Holdings) allotted and issued 100 shares with the par value of US\$1.00 each to Mr. Chun Chi-wai in full and final settlement of the indebtedness in the amount of HK\$78,000,000 due from Asia Steel (Holdings) to Mr. Chun Chi-wai.
- (c) On 30 September 2007, our Company acquired 200 shares with a par value of US\$1.00 each, representing the entire issued share capital of Asia Steel (Holdings), from Mr. Chun Chi-wai. In consideration of such acquisition, our Company allotted and issued 99 shares with the par value of HK\$0.10 each, credited as fully paid, to Wellrun as directed by Mr. Chun Chi-wai and credited one nil-paid share with the par value of HK\$0.10 held by Mr. Chun Chi-wai as fully-paid share with par value of HK\$0.10. On the same day, Mr. Chun Chi-wai transferred one share with the par value of HK\$0.10 to Wellrun at par.
- (d) On 30 September 2007, Asia Steel (H.K.) allotted and issued 100,000 shares of HK\$1.00 each to Asia Steel (Holdings) at the direction of Mr. Chun Chi-wai as consideration for the acquisition of the entire issued share capital of Asia Steel (Development) by Asia Steel (H.K.).
- (e) On 23 October 2007, every issued and unissued share of HK\$0.10 each in the capital of our Company was sub-divided into 1,000 shares of HK\$0.0001 each such that the authorised share capital of our Company became HK\$380,000 divided into 3,800,000,000 shares with the par value of HK\$0.0001 each and the issued share capital of our Company became HK\$10 divided into 100,000 shares with the par value of HK\$0.0001 each.
- (f) On 1 February 2008, our Company allotted and issued one share of HK\$0.0001 credited as fully paid to Wellrun for a cash consideration of US\$30,000,000.
- (g) On 22 May 2009, the authorised share capital of our Company was further increased to HK\$1,000,000 divided into 10,000,000,000 Shares.

Subsequent to the Reorganisation, Asia Steel (Development) acquired a 75% equity interest in Tianjin Yatong in November 2007 and a further 15.385% equity interest in Tianjin Yatong in September 2008. It established a wholly owned subsidiary, Zhongshan Yatong, in September 2008 and a 70% owned subsidiary, Wuhan Yagang, in November 2008. In addition, Yangzhong Yagang acquired a 70% equity interest in Zhangjiagang Rongli in January 2008 and established a wholly owned subsidiary, Ningbo Yagang, in September 2008.

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5. Changes in share capital of subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this document. Save as disclosed below, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document:

(a) Asia Steel (Holdings)

On 30 September 2007, Asia Steel (Holdings) allotted and issued 100 shares of US\$1.00 each to Mr. Chun Chi-wai in full and final settlement of the indebtedness of HK\$78,000,000 due from Asia Steel (Holdings) to Mr. Chun Chi-wai. After such allotment, the issued share capital of Asia Steel (Holdings) was increased from US\$100 divided into 100 shares of US\$1.00 each to US\$200 divided into 200 shares of US\$1.00 each.

(b) Asia Steel (H.K.)

On 30 September 2007, Asia Steel (H.K.) allotted and issued 100,000 shares of HK\$1.00 each to Asia Steel (Holdings) at the direction of Mr. Chun Chi-wai as consideration for acquisition of the entire issued share capital of Asia Steel (Development) by Asia Steel (H.K.). After such allotment, the issued share capital of Asia Steel (H.K.) was increased from HK\$78,000,000 divided into 78,000,000 shares of HK\$1.00 each to HK\$78,100,000 divided into 78,100,000 shares of HK\$1.00 each.

(c) Tianjin Yatong

On 15 November 2007, the registered capital of Tianjin Yatong Steel Co., Ltd. was increased from US\$680,000 to US\$3,000,000 which was fully paid. On 21 March 2008, the registered capital of Tianjin Yatong Steel Co., Ltd. was increased from US\$3,000,000 to US\$13,000,000 of which US\$11,000,014 was paid and the remaining amount of US\$1,999,986 will be paid in full on or before 24 September 2009.

(d) Zhangjiagang Rongli

On 9 January 2008, the registered capital of Zhangjiagang Rongli Zaisheng Ziyuan Co., Ltd. was increased from RMB5,000,000 to RMB16,667,000 which was fully paid.

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6. Particulars of subsidiaries

The Group has interests in a number of PRC subsidiaries. Set out below is a summary of the corporate information of these PRC subsidiaries:

Registered Company Name	: Guangzhou Asia Steel Co., Ltd. (廣州亞鋼鋼鐵有限公司)	
Date of Establishment	: 15 May 2001	
Place of Establishment	: PRC	
Nature	: Sino-foreign equity joint venture	
Registered Capital	: US\$4,500,000	
Shareholders	: Asia Steel (H.K.) Limited	75%
	GZSL	25%
Registered Company Name	: Yangzhong Yagang Metal Co., Ltd. (揚中亞鋼金屬有限公司)	
Date of Establishment	: 15 December 2006	
Place of Establishment	: PRC	
Nature	: Wholly foreign owned enterprise	
Registered Capital	: US\$20,000,000	
Shareholder	: Asia Steel (Investments) Limited	100%
Registered Company Name	: Zhangjiagang Rongli Zaisheng Ziyuan Co., Ltd. (張家港容利再生資源有限公司)	
Date of Establishment	: 1 December 2006	
Place of Establishment	: PRC	
Nature	: Domestic company	
Registered Capital	: RMB16,667,000	
Shareholders	: Yangzhong Yagang Metal Co., Ltd. (揚中亞鋼金屬有限公司)	70%
	Wu Yue-xing (吳岳興)	25%
	Xiang Man-qin (項滿琴)	2.5%
	Li Dong-hui (李東輝)	2.5%
Registered Company Name	: Tianjin Yatong Steel Co., Ltd. (天津亞鋼鋼鐵有限公司)	
Date of Establishment	: 16 August 2006	
Place of Establishment	: PRC	

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Nature	: Wholly foreign owned enterprise	
Registered Capital	: US\$13,000,000	
Shareholders	: Asia Steel (Development) Limited	90.385%
	Lester Metal Inc.	9.615%
Registered Company Name	: Guangzhou Yatong Metal Co., Ltd. (廣州亞銅金屬有限公司)	
Date of Establishment	: 25 May 2007	
Place of Establishment	: PRC	
Nature	: Wholly foreign owned enterprise	
Registered Capital	: US\$3,500,000	
Shareholder	: Asia Steel (Development) Limited	100%
Registered Company Name	: Zhongshan Yatong Metal Materials Co., Ltd. (中山亞銅金屬材料有限公司)	
Date of Establishment	: 3 September 2008	
Place of Establishment	: PRC	
Nature	: Wholly foreign owned enterprise	
Registered Capital	: US\$10,000,000	
Shareholder	: Asia Steel (Development) Limited	100%
Registered Company Name	: Ningbo Yagang Metal Co., Ltd. (寧波亞銅金屬有限公司)	
Date of Establishment	: 4 September 2008	
Place of Establishment	: PRC	
Nature	: Domestic company	
Registered Capital	: RMB20,000,000	
Shareholder	: Yangzhong Yagang Metal Co., Ltd.	100%
Registered Company Name	: Wuhan Yagang Metal Co., Ltd. (武漢亞銅金屬有限公司)	
Date of Establishment	: 10 November 2008	
Place of Establishment	: PRC	
Nature	: Sino-foreign equity joint venture	
Registered Capital	: US\$12,000,000	

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Shareholders	: Asia Steel (Development) Limited	70%
	Wuhan Jin Huan Investment Co., Ltd. (武漢金寰投資有限公司)	30%

Our Company has been advised by its PRC legal advisors that, except for Tianjin Yatong, Wuhan Yagang and Zhongshan Yatong, the registered capital of each of the PRC subsidiaries has been fully paid up in a timely manner.

7. Repurchase by our Company of Shares

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary Listing are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary Listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the resolutions passed by the sole Shareholder on 22 May 2009, a general unconditional mandate (the “Buyback Mandate”) was granted to our Directors authorising the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [●] (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [●] and any options granted or to be grant under [●] Schemes) and the [●], at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its shareholders for our Directors to have a general authority from shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

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(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any repurchase of Shares will be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the purchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company, or if authorised by the Articles and subject to the Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) Share capital

Exercise in full of the Buyback Mandate, on the basis of Shares in issue immediately after completion of the [●] and the [●] (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the [●] and any options granted or to be granted under [●], could accordingly result in up to Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the [●] that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

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

If as a result of a Shares repurchase pursuant to the Buyback Mandate, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the “Code”). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the

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Shareholders’ interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is exercised in full immediately following completion of the [●] (but taking no account of any Shares which may be allotted and issued upon the exercise of the [●] or any options granted or to be granted under the [●]) and the [●], the total number of Share which will be repurchased pursuant to the Buyback Mandate shall be Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of Wellrun, the controlling Shareholder, will be increased to approximately % of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. In the event that the Buyback Mandate is exercised in full, the number of Shares held by the public would not fall below % of the total number of Shares in issue. Any repurchase of the Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of [●].

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

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

- (a) an instrument of transfer dated 30 September 2007 entered into between Mr. Chun Chi-wai as seller and our Company as purchaser regarding the acquisition of 200 Shares of US\$1.00 each being the entire issued share capital of Asia Steel (Holdings) in consideration of the allotment and issuance of 99 ordinary shares of HK\$0.10 each in the capital of our Company, credited as fully paid, to Wellrun and the crediting as fully paid of one nil-paid share of HK\$0.10 in the capital of our Company held by Mr. Chun Chi-wai;
- (b) a purchase agreement dated 22 October 2007 entered into between our Company as the issuer, Asia Steel (Holdings), Asia Steel (H.K.), Asia Steel (Investments), Asia Steel (Development), Huan Bao Steel and Central Steel Macau as subsidiary guarantors (collectively, the “**Subsidiary Guarantors**”) and UBS Limited, HSBC Custody Services (Guernsey) Ltd. (as subcustodian and agent for Spinnaker Global Emerging Markets Fund Ltd.), HSBC Custody Services (Guernsey) Ltd. (as subcustodian and agent for Spinnaker Global Opportunity Fund Ltd.), HSBC Custody Services (Guernsey) Ltd. (as subcustodian and agent for Spinnaker Global Strategic Fund Ltd.) and The ADM Maculus Fund III L.P. as purchasers (collectively the “**Purchasers**”) and UBS AG as purchasers’ representative with respect to the issuance and sale by our Company and the purchase by the Purchasers of the Senior Notes, together with 160 Listco Warrants;
- (c) an indenture dated 23 October 2007 entered into between our Company, the Subsidiary Guarantors and DB Trustees (Hong Kong) Limited with respect to the terms and conditions of the Senior Notes (the “**Indenture**”);

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- (d) an escrow and disbursement agreement dated 23 October 2007 entered into between our Company, DB Trustees (Hong Kong) Limited as trustee and DB Trustees (Hong Kong) Limited as escrow agent with respect to the deposit of the net proceeds of the offering of the Senior Notes with the escrow agent;
- (e) a security agreement dated 23 October 2007 entered into between our Company, Wellrun and the Subsidiary Guarantors as chargors and DB Trustees (Hong Kong) Limited as trustee in connection with certain security created to secure the obligations of our Company under the Senior Notes, the Indenture and other transaction agreements in connection with the Senior Notes;
- (f) a warrant agreement dated 23 October 2007 entered into between our Company and the Purchasers for the issuance by our Company to the Purchasers of Listco Warrants (the “Warrant Agreement”);
- (g) a warrant agency agreement dated 23 October 2007 entered into among our Company, Deutsche Bank AG, Hong Kong Branch, as warrant agent, and Deutsche Bank Luxembourg S.A., as registrar in relation to the Listco Warrants;
- (h) a warrant subsidiary guarantees dated 23 October 2007 entered into by the Subsidiary Guarantors with respect to the obligations of our Company under the Listco Warrants and the Warrant Agreement;
- (i) a joint venture agreement dated 25 June 2007, entered into between Lester Metal, Inc. and Asia Steel (Development), regarding the acquisition of 75% equity interest in Tianjin Yatong by Asia Steel (Development) from Lester Metal, Inc. for the consideration of US\$2,250,000;
- (j) a joint venture agreement dated 7 December 2007, entered into between Mr. Wu Yue-xing (吳岳興), Mr. Hu Wen-hu (胡文虎), Ms. Xiang Man-qin (項滿琴), Mr. Li Dong-hui (李東輝) and Yangzhong Yagang regarding the subscription of 70% equity interest in Zhangjiagang Rongli by Yangzhong Yagang for the consideration of RMB11,667,000;
- (k) a share transfer agreement dated 25 August 2008 entered into between Asia Steel (Development) and Lester Metal, Inc. regarding the transfer of 15.385% equity interest in Tianjin Yatong from Lester Metal, Inc. to Asia Steel (Development) for the consideration of USD2,000,000;
- (l) a joint venture agreement dated 18 July 2008 entered into between Asia Steel (Development) and Wuhan Jin Huan Investment Co., Ltd. (武漢金寰投資有限公司) regarding the establishment of Wuhan Yagang;
- (m) a deed of warranties dated 22 May 2009 between Mr. Chun Chi-wai and our Company in connection with certain representations and warranties in relation to our Group given by Mr. Chun Chi-wai in consideration of our Company acquiring the entire issued shares of Asia Steel (Holdings) on 30 September 2007;
- (n) the deed of indemnity dated 22 May 2009 given by Mr. Chun Chi-wai and Wellrun in favour of our Company and its subsidiaries in respect of, amongst others, estate duty, and other taxation referred to in the sub-section headed “Estate duty and tax indemnity” in this Appendix;
- (o) the deed of non-competition dated 22 May 2009 entered into between Mr. Chun Chi-wai, Wellrun Limited and our Company in respect of the non-competition undertaking given by Mr. Chun Chi-wai and Wellrun Limited;
- (p) the deed of non-competition dated 22 May 2009 entered into between Mr. Wong Hok-leung and our Company in respect of the non-competition undertaking given by Mr. Wong Hok-leung;

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- (q) the deed of non-competition dated 22 May 2009 entered into between Mr. Jiang Yan-zhang and our Company in respect of the non-competition undertaking given by Mr. Jiang Yan-zhang;
- (r) the deed of non-competition dated 22 May 2009 entered into between Ms. Lai Wun-yin and our Company in respect of the non-competition undertaking given by Ms. Lai Wun-yin;
- (s) the deed of non-competition dated 22 May 2009 entered into between Mr. Chan Kam-hung and our Company in respect of the non-competition undertaking given by Mr. Chan Kam-hung;
- (t) the deed of non-competition dated 22 May 2009 entered into between Mr. Chan Iu-seng and our Company in respect of the non-competition undertaking given by Mr. Chan Iu-seng;
- (u) the deed of non-competition dated 22 May 2009 entered into between Mr. Leung Chong-shun and our Company in respect of the non-competition undertaking given by Mr. Leung Chong-shun; and
- (v) [●].

2. Intellectual property rights of the Group

(a) Trademarks

As of the Latest Practicable Date, the Group is the registered proprietor and beneficial owner of the following trademark:

Trademark	Registrant	Place of registration	Registration number	Validity period	Class
	China Metal Recycling (Holdings) Ltd.	Hong Kong	300930663	8 August 2007 — 7 August 2017	35 and 40

(b) Domain Name

As of the Latest Practicable Date, the Group is a registered proprietor of the following domain name in Hong Kong:

Domain Name	Name of Proprietor	Place of registration	Effective Period
chinametalrecycle.com . . .	China Metal Recycling (Holdings) Limited	Hong Kong	19 March 2009 to 18 March 2012

C. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interest — interests and short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations*

Immediately following completion of the [●] (assuming that the [●] is not exercised, no Shares have been issued upon exercise of options granted or to be granted under [●] and [●] and the [●], the interest and/or short position of Directors or chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they have taken or are deemed to have undersuch

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provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (“Model Code”), once the Shares are listed are as follows:

(i) Long and short positions in the Shares

Name of Director	Capacity	Number of shares (note 1)	Approximate percentage of shareholding
Chun Chi-wai (note 2)	Interest of a controlled corporation	(L)	%
		(S)	%
Lai Wun-yin (note 2)	Family interest	(L)	%
		(S)	%

Notes:

- (1) The letter “L” denotes the person’s long position in such securities and the letter “S” denotes the person’s short position in such securities.
- (2) Mr Chun Chi-wai is the beneficial owner of 100% of the issued share capital of Wellrun. Wellrun holds % of the Shares in issue (based on the aforesaid assumptions). Ms. Lai Wun-yin is the spouse of Mr. Chun Chi-wai and is deemed to be interested in the Shares held by Mr. Chun Chi-wai pursuant to the SFO.

(ii) Long and short positions in underlying Shares

Name of Director	Capacity	Description of equity derivatives	Number of underlying shares (note 1)
Chun Chi-wai	Beneficial owner		(L)
	Family interest		(L)
Wong Hok-leung	Beneficial owner		(L)
Jiang Yan-zhang	Beneficial owner		(L)
Lai Wun-yin	Beneficial owner		(L)
	Family interest		(L)
Chan Iu-seng	Beneficial owner		(L)
Chan Kam-hung	Beneficial owner		(L)
Leung Chong-shun	Beneficial owner		(L)

Notes:

- (1) The letter “L” denotes the person’s long position in such securities.
- (2) These share options were granted under the [●] Scheme.

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(b) Particulars of service contracts

Each of the executive Directors has entered into a service contract with our Company for a term of 3 years commencing from [●], which may be terminated by not less than 3 months’ notice in writing served by either party on the other.

(c) Directors’ remuneration

No Director’s fees is payable to the executive Directors.

In addition, Mr. Chun Chi-wai has been employed as our chief executive officer and is entitled to an annual salary of HK\$5,000,000. Mr. Wong Hok-leung has been employed as our chief financial officer and is entitled to an annual salary of HK\$3,750,000. Mr. Jiang Yan-zhang has been employed as our chief operating officer and is entitled to an annual salary of RMB180,000 (equivalent to approximately HK\$204,266).

The term of the service contract of Ms. Lai Wun-yin, the non-executive Director, is one year commencing from [●], which may be terminated by not less than 3 months’ notice in writing served by either party on the other. The director’s fee payable to Ms. Lai as the non-executive Director is HK\$150,000 per annum. The independent non-executive Directors have been appointed for a term commencing from 22 May 2009 to the conclusion of the next annual general meeting of our Company. The aggregate director’s fee payable to each of the independent non-executive Directors during the term of his appointment is HK\$150,000.

Under the arrangement currently in force, the aggregate amount of emoluments payable by the Group to our Directors for the year ending 31 December 2009 will be approximately HK\$9,554,266.

2. Substantial Shareholders

So far as our Directors are aware, immediately following completion of the [●] (assuming that the [●] is not exercised and on the basis that all of the Listco Warrants have been settled for cash, no Shares have been issued upon exercise of options granted or to be granted under [●] and the [●], the following persons (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Percentage of shareholding
Wellrun Limited	Beneficial owner	(L)	%
		(S)	%
		(Note 1)	

Notes:

1. The letter “L” denotes the person’s long position in such securities and the letter “S” denotes the person’s short position in such securities.
2. Mr Chun Chi-wai is beneficially interested in 100% of the issued share capital of Wellrun Limited. Wellrun Limited is the controlling shareholder of our Company.

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So far as our Directors are aware, immediately following completion of the [●] and the [●], the following persons will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our subsidiaries other than our Company.

Name of shareholder	Name of the Group Member	Capacity	Approximate percentage of shareholding
GZSL	Guangzhou Asia Steel Co., Ltd.	Beneficial owner	25%
Wu Yue-xing	Zhangjiagang Rongli Zaisheng Ziyuan Co., Ltd.	Beneficial owner	25%
Wuhan Jin Huan Investment Co., Ltd.	Wuhan Yagang Metal Co., Ltd.	Beneficial owner	30%

3. Agency fees or commissions received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital of any member of the Group.

4. Disclaimers

Save as disclosed in this document:

- (a) [●];
- (b) none of our Directors or experts referred to under the heading “Consents of experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) [●];
- (f) none of the experts referred to under the heading “Consents of experts” in this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of the Group; and
- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of the Group.

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D. OTHER INFORMATION

1. Share Option Scheme

Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the written resolutions of the sole shareholder of our Company passed on 22 May 2009:

(a) Purpose

The Post-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Post-IPO Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below to:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers and agents to our Company or any of its Subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and under any other share option schemes of our Company must not in the aggregate exceed 10% of the total number of Shares in issue immediately following completion of the [●] (but taking no account of any Shares which may be allotted or issued pursuant to the exercise of the [●]) and [●], being Shares, excluding for this purpose Shares which would have been

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issuable pursuant to options which have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Schemes) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (q) below whether by way of consolidation, capitalisation issue, right issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(d) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

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(e) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Post-IPO Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(f) Granting options to connected persons

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If our Company proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the Shareholders’ meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

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(g) Restrictions on the times of grant of Options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its annual results, or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results announcement.

(h) Rights are personal to grantee

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do.

(i) Time of exercise of Option and duration of the Post-IPO Share Option Scheme

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Post-IPO Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(j) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Post-IPO Share Option Scheme can be exercised.

(k) Rights on ceasing employment or death

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (l) below, the grantee may exercise the option up to the entitlement of the grantee as of the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation,

which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

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(l) Rights on dismissal

If the grantee of an Option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or he has committed an act of bankruptcy, or that he has become insolvent or has made arrangement or compositions with his creditors generally, or in relation to an employee of the Group (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 will lapse and not be exercisable after the date of termination of his employment.

(m) Rights on takeover

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(n) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, the Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(o) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than noon (Hong Kong time) on the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

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With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and terminate. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(p) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

(q) *Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, open offer, subdivision or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration 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 alteration 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 requiring any such alterations.

(r) *Expiry of option*

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;
- (iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been

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guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty or he has committed an act of bankruptcy, or that he has become insolvent or has made arrangements or compositions with his creditors generally in relation to an employee of the Group (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. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

- (vi) the date on which the Board shall exercise our Company’s right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (t) below.

(s) Alteration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Post-IPO Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting at which any persons to whom or for whose benefit the shares may be issued under the Post-IPO Share Option Scheme and their respective associates shall abstain from voting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees’ approval in accordance with the terms of the Post-IPO Share Option Scheme. The amended terms of the Post-IPO Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

(t) Cancellation of Options

Subject to paragraph (h) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options.

(u) Termination of the Post-IPO Share Option Scheme

Our Company may by resolution of the Board or resolution of the shareholders in general meeting at any time terminate the Post-IPO Share Option Scheme and in such event no further option shall be offered but the provisions of the Post-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

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(v) Administration of the Board

The Post-IPO Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Post-IPO Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(w) Conditions of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the [●] of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Post-IPO Share Option Scheme;
- (ii) the obligations of the Underwriters under the [●] Agreements becoming unconditional (including, if relevant, as result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the [●] Agreements or otherwise; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

(x) Disclosure in annual and interim reports

Our Company will disclose details of the Post-IPO Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(y) Present status of the Post-IPO Share Option Scheme

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the [●] of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Post-IPO Share Option Scheme, being Shares in total.

2. Estate duty, tax and property indemnity

Each of Mr. Chun Chi-wai and Wellrun has entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (n) of the subsection headed “Summary of material contracts” in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters, estate duty which might be payable by any member of the Group, by reason of any transfer of property under applicable law to any member of the Group on or before the date on which the [●] becomes unconditional (the “Effective Date”).

The deed of indemnity also contains indemnities given by each of Mr. Chun Chi-wai and Wellrun in respect of taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which our Company may be subject on or before the Effective Date which might be payable by any member of the Group.

3. Litigation

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of the Group.

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4. [●]

5. [●]

6. Promoter

There is no promoter of our Company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [●] and the related transactions described in this document.

7. Taxation of holders of Shares

(a) Hong Kong

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

The Shares are Hong Kong property for the purpose of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong). The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(b) Cayman Islands

Under the Cayman Islands law currently in force, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the [●] can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

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8. Qualification of experts

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

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants
Vigers Appraisal & Consulting Limited	Property valuation firm
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jun He Law Offices	Qualified PRC lawyers
Gonçalves Pereira, Rato, Ling, Vong & Cunha - Advogados	Qualified Macau lawyers

9. Consents of experts

[●]

10. [●]

11. [●]

12. Miscellaneous

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
- (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries;
- (b) save as disclosed in this document, there are no founder, management or deferred shares nor any debentures in the Company or any of its subsidiaries;
- (c) none of the persons named in the sub-paragraph headed “Consents of experts” in this Appendix is interested beneficially or otherwise in any shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group;

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- (d) our Directors confirm that there has been no material adverse change in the financial or trading position or document of the Group since 31 December 2007 (being the date to which the latest audited combined financial statements of the Group were made up);
- (e) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document; and
- (f) no company within the Group is presently listed on any stock exchange or traded on any trading system.