

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 25, 2007 under the Cayman Companies Law. Our registered address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-111 Cayman Islands. We have registered a place of business in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road, Central, Hong Kong, and have been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance. KCS Hong Kong Limited has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its registered place of business in Hong Kong set out above. As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Companies Law are set out in Appendix V to this document.

2. Changes in share capital of our Group

Our Company

As at the date of incorporation, the authorized share capital of our Company was US\$50,000 divided into 50,000 Shares of par value of US\$1.00 each. The following sets out the changes in our Company's issued share capital since the date of incorporation:

On July 21, 2008, a sole shareholder's resolution was passed to approve, *inter alia*, the subdivision of each issued and unissued ordinary share of US\$1.00 par value each in the capital of our Company. The share capital of our Company of US\$50,000 was divided into 49,600,000,000 ordinary shares of US\$0.000001 par value each and 400,000,000 preferred shares of US\$0.000001 par value each.

On July 10, 2009, the authorized share capital of our Company divided into 49,600,000,000 ordinary shares of US\$0.000001 par value each and 400,000,000 preferred shares of US\$0.000001 par value each was redesignated as 49,800,000,000 ordinary shares of US\$0.000001 par value each and 200,000,000 preferred shares of US\$0.000001 par value each.

On July 10, 2009, our Company, Yingde BVI and the existing shareholders of Yingde BVI entered into a share exchange agreement pursuant to which our Company became the sole shareholder of Yingde BVI and our Company issued to the existing shareholders of Yingde BVI the Shares in our Company as consideration for exchanging their shareholding interest in Yingde BVI. Upon completion of the share exchange, the total number of Shares in our Company in issue was increased to 1,270,000,000 Shares and 200,000,000 Preferred Shares.

On September 12, 2009, the shareholders of our Company resolved that, on a conditional basis, our Company's authorized share capital of US\$50,000 will be redesignated and reclassified into 50,000,000,000 ordinary shares of US\$0.000001 par value each.

Our subsidiaries

The list of our subsidiaries is set out in the section headed "Appendix I – Accountants' Report" to this document.

As at the date of the incorporation of Yingde BVI, the authorized share capital of Yingde BVI was US\$50,000 divided into 48,000 ordinary shares of par value of US\$1.00 each and 2,000 Preferred Shares of par value of US\$1.00 each. The following sets out the changes in Yingde BVI's issued share capital since the date of its incorporation:

- from May 12, 2006 to June 22, 2006, the issued share capital consisted of 2,000 ordinary shares of par value of US\$1.00 each, with Baslow and Peace & Smooth each holding 1,000 ordinary shares;

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- on June 23, 2006, the issued share capital was increased to 6,200 ordinary shares of par value of US\$1.00 each and 2,000 Preferred Shares of par value of US\$1.00 each, with Baslow, Peace & Smooth and Bubbly Brooke each holding 3,200, 2,150 and 850 ordinary shares, respectively, and Baring holding 2,000 Preferred Shares;
- on November 1, 2006, the issued share capital was increased to 8,200 ordinary shares of par value of US\$1.00 each and 2,000 Preferred Shares of par value of US\$1.00 each, with Baslow, Peace & Smooth, Bubbly Brooke and Rongton each holding 3,200, 2,150, 850 and 2,000 ordinary shares, respectively, and Baring holding 2,000 Preferred Shares;
- on March 20, 2007, the issued share capital was increased to 11,910 ordinary shares of par value of US\$1.00 each and 2,000 Preferred Shares of par value of US\$1.00 each, with Baslow, Peace & Smooth, Bubbly Brooke, Rongton, Baring, Goal Stand Goal, and Pinpoint Capital each holding 4,393, 2,150, 850, 3,733, 502, 141 and 141 ordinary shares, respectively, and Baring holding 2,000 Preferred Shares; and
- on November 21, 2007, the issued share capital was increased to 12,700 ordinary shares of par value of US\$1.00 each and 2,000 Preferred Shares of par value of US\$1.00 each, with Baslow, Peace & Smooth, Bubbly Brooke, Rongton, Baring, Goal Stand Goal, Pinpoint Capital, Winford Global and Deutsche Bank each holding 3,970, 2,150, 950, 3,324, 743, 191, 191, 411 and 770 ordinary shares, respectively, and Baring holding 2,000 Preferred Shares.

The following changes in the share capital of Hunan Yingde, Zibo Yingde, Yangzhou Yingde and Zhuhai Yingde, four of our subsidiaries, occurred in the two years preceding the date of this document:

On September 26, 2007, the State Administration of Foreign Exchange approved Hunan Yingde's conversion of profits in the amount of RMB45,998,013.33 into increasing Hunan Yingde's registered capital. On September 27, 2007, Hunan Yingde received Yingde BVI's RMB45,998,013.33 re-investment into Hunan Yingde, after which Hunan Yingde's accumulated capital stood at RMB246,000,000.

Zibo Yingde was established on November 8, 2006 with an initial registered capital of US\$7,500,000. On April 18, 2008, the board of directors of Zibo Yingde passed a resolution to increase the registered capital of Zibo Yingde from the original amount of US\$7,500,000 to the current amount of US\$9,750,000 for the purpose of expanding gas production facilities. Such capital increase was approved by the local approval authority on May 26, 2008 and was then registered with Zibo Administration of Industry and Commerce on July 2, 2008.

Yangzhou Yingde was established on April 12, 2006 with an initial registered capital in the amount of US\$10,000,000. On March 5, 2007, the board of directors of Yangzhou Yingde passed a resolution to increase the registered capital of Yangzhou Yingde from the original amount of US\$10,000,000 to the current amount of US\$11,500,000 for the purpose of expanding gas production facilities. Such capital increase was approved by the local approval authority on February 7, 2007 and was then registered with the Yangzhou Administration of Industry and Commerce on March 26, 2007.

Zhuhai Yingde was established on April 8, 2003 with an initial registered capital of RMB44,000,000. On October 22, 2007, the board of directors of Zhuhai Yingde passed a resolution to increase the registered capital of Zhuhai Yingde from the original amount of RMB44,000,000 to the current amount of RMB140,000,000 for the purpose of expanding gas production facilities. Such capital increase was approved by the local approval authority on November 5, 2007 and was then registered with Zhuhai Administration of Industry and Commerce on January 3, 2008.

Save as disclosed above, there has been no other alteration in the share capital of our subsidiaries in the two years preceding the date of this document.

3. Option to purchase shares in a subsidiary of our Group

Under the terms of the gas supply contract entered into on November 10, 2006 between Yingde BVI and our Guizhou On-site Customer, Guizhou On-site Customer was granted an option to purchase between 25% to 49% of Guizhou Yingde's issued share capital. The consideration to be paid for any shares purchased under the option will be determined on the basis of a valuation by an accounting firm recognized by both parties and will be subject to the relevant PRC laws and regulations. Please refer to the section headed "Business – Arrangement with our on-site customer in Guizhou" for further details.

Save as disclosed in this document, no other share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) A subscription agreement executed on November 16, 2007 between Yingde Gases Investment Limited and Deutsche Bank AG, acting through its London Branch, in relation to the subscription of the ordinary shares of Yingde Gases Investment Limited;
- (b) A joint venture agreement executed on June 2, 2009 between Yingde Gases Investment Limited and Shihlien China Holding Company Limited;
- (c) A joint venture agreement executed on November 28, 2008 between Yingde Gases Investment Limited, Hunan Yingde Gases Company Limited and Hengyang Hualing Lianzhaguan Company Limited;
- (d) A share exchange agreement executed on July 10, 2009 between Baring Private Equity Asia III Holding (7) Limited, Baslow Technology Limited, Bubbly Brooke Holdings Limited, Peace & Smooth (Hong Kong) Investment Company Limited, Rongton Investments Limited, Winford Global Investments Limited, Gold Stand Goal Limited, Pinpoint Capital 2006 A Limited, Deutsche Bank AG, acting through its Hong Kong Branch, Deutsche Bank AG, acting through its London Branch, Yingde Gases Investment Limited and Yingde Gases Group Company Limited in relation to the shares of Yingde Gases Investment Limited and Yingde Gases Group Company Limited; and
- (e) [●].

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2. Intellectual property rights


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

A. Trademarks

As at the Latest Practicable Date, Yingde BVI has registered the following trademark in the PRC:

<u>Trademark</u>	<u>Class⁽¹⁾</u>	<u>Application Date</u>	<u>Application Number</u>
 盈德氣體 YINGDE GASES	1	September 26, 2005	4913045

As at the Latest Practicable Date, we have registered following trademarks in Hong Kong:

<u>Trademark</u>	<u>Class⁽¹⁾</u>	<u>Registration date</u>	<u>Trade Mark Number</u>
 YINGDE GASES GROUP COMPANY LIMITED 盈德氣體集團有限公司	1	July 15, 2008	301033389

 YINGDE GASES GROUP COMPANY LIMITED 盈德氣體集團有限公司

Note

(1): The trademark applies to products such as argon, nitrogen, nitric oxide, protective gases for welding, carbon dioxide, hydrogen, oxygen, neon, krypton, and helium.

B. Domain Names

As at the Latest Practicable Date, we have registered the following domain names:

<u>No.</u>	<u>Domain name</u>	<u>Registered Owner</u>	<u>Application Date</u>
1	Yingdegases.com	Hunan Yingde	April 18, 2006
2	Yingdegas.com	Hunan Yingde	April 18, 2006

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

3. Particulars of service contracts

Each of Mr. Sun, Mr. Zhao and Mr. Chen Yan, being all of our executive directors, has entered into a service contract with our Company on September 12, 2009 for an initial term of three years commencing [●], unless terminated by not less than three months' notice in writing served by either party on the other. The aggregate fixed annual salary of the three executive directors is approximately RMB2.4 million.

Each of Mr. Chen Dar Cin, Mr. Leong, Mr. Xu and Mr. Zheng, being our non-executive and independent non-executive directors, has entered into a letter of appointment with our Company on September 12, 2009. Each letter of appointment is for an initial term of three years commencing from

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[●], unless terminated by not less than three months' notice in writing served by either party on the other. The aggregate annual fees payable to our non-executive and independent non-executive directors under the letters of appointment is approximately RMB600,000.

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

4. Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our directors for the three years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009 were approximately RMB1.8 million, RMB2.6 million, RMB3.1 million and RMB1.2 million, respectively.

It is estimated that remuneration equivalent to approximately RMB2.6 million in aggregate will be paid and granted to our directors by us in respect of the financial year ending December 31, 2009 under arrangements in force as at the Latest Practicable Date.

5. Fees or commissions received

Save as disclosed in this document, none of the directors or any of the persons whose names are listed in the paragraph headed "Consents" in this Appendix VI had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this document.

D. SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme, conditionally approved by a resolution of the shareholders passed on September 12, 2009 and adopted by a resolution of the board on September 12, 2009. The number of options to be issued under the Share Option Scheme will not exceed 10% of the issued share capital of our Company on [●]. The terms of the Share Option Scheme are in accordance with the relevant rules and regulation.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain skilled and experienced personnel, to incentivize them to remain with us and to give effect to our customer-focused corporate culture, and to motivate them to strive for our future development and expansion, by providing them with the opportunity to acquire equity interests in our Company.

2. Who may join:

- (a) The board may, at its absolute discretion, offer any employee, management member or director of our Company, or any of our subsidiaries and third party service providers options, the Options, to subscribe for shares on the terms set out in the Share Option Scheme.
- (b) Options granted to directors or substantial shareholders:
 - (i) Any Options to be granted to a director, chief executive or substantial shareholder of our Company or any of their respective associates shall be approved by our independent non-executive directors (excluding any independent non-executive director who is the proposed grantee of the Options).

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- (ii) Without prejudice to the generality of sub-paragraph (b)(i) above, if any Options to be granted to a substantial shareholder or independent non-executive director of our Company, or any of their respective associates, would result in the total number of shares issued and to be issued upon exercise of all the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of the grant:
- representing in aggregate over 0.1% of the shares in issue; and
 - having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million,

the further grant of Options must be approved by our shareholders in general meeting. We must send a circular to our shareholders containing such information as required under the relevant rules and regulations. All our connected persons shall abstain from voting in favor at such general meeting, and any vote taken at such meeting must be taken on a poll.

3. Maximum number of shares

- (a) The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme involving the issue or grant of options over shares or other securities by us or any of our subsidiaries (the Maximum Number of shares) shall not exceed 10% of our issued share capital on [●]. Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the 10% limit.
- (b) The maximum number of shares may, with the approval of our shareholders, be "refreshed" from time to time as required up to a maximum of 10% of our issued share capital as at the date of the shareholders' approval. Options previously granted under the Share Option Scheme or any other scheme, including options outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.
- (c) We may obtain a separate approval from our shareholders to grant Options which will result in the number of shares in respect of all the Options granted under the Share Option Scheme and all the options granted under any other scheme exceeding 30% of our issued share capital, provided that such Options are granted only to employees and third party service providers specifically identified by us before the separate approval of our shareholders is sought.
- (d) The maximum 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 options granted and yet to be exercised under any other scheme shall not exceed 30% of our issued share capital from time to time.
- (e) No Option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12 month period up to the date of the latest grant exceeds 1% of our issued share capital from time to time, unless the approval of our shareholders is obtained.

4. Grant of Options

- (a) The period within which the Options must be exercised will be specified by us at the time of grant, and must expire no later than ten years from the date of grant of the Option (being the date on which the board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless our Company obtains separate shareholder approval in relation to such grant.

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- (b) An offer of grant of an Option shall be made by letter to the proposed beneficiary, who may appoint a nominee to hold any Options granted on his or her behalf, specifying the number of Options comprised in the Option proposed to be granted and the applicable terms and conditions relating to the Options. These terms and conditions may include provisions as to the performance conditions which must be satisfied before the Option can be exercised, the minimum period for which an Option must be held before it can be exercised, vesting conditions (if any), lapse conditions and such other provisions as the board may determine. The proposed beneficiary is required to accept the offer and undertake (for itself and, if applicable, on behalf of any nominee of the proposed beneficiary) to hold the Option on the terms and conditions of the grant and, upon receipt by our board of such acceptance, together with the payment of RMB1.00 of consideration, the Option shall be deemed to have been granted, to and accepted by, the proposed beneficiary (an Option holder) and to have taken effect.
- (c) The board shall not grant any Option under the Share Option Scheme 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 announced pursuant to the requirements of the relevant rules and regulations. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the board meeting for the approval of our results for any year, half-year, quarterly or any other interim period and the deadline for us to publish an announcement of our results for any year, half-year, quarterly or any other interim period, and ending on the date of the results announcements.

5. Minimum holding period and vesting

- (a) The Share Option Scheme does not contain any minimum period(s) for which a Option must be held before it can be exercised. However, at the time of grant of the Options, we may specify any such minimum period(s).
- (b) The Options granted will be subject to vesting periods of up to five years, which will vary from Option holder to Option holder. Upon the expiry of the vesting period, the shares will become vested and the Option holders will become entitled to exercise the Options in accordance with the terms of the Share Option Scheme.

6. Performance targets

The Share Option Scheme does not contain any performance target(s) which must be achieved before the Options can be exercised in whole or in part. At the time of grant of the Options, we may specify any performance target(s).

7. Amount payable for Options

The amount payable on acceptance of an option is RMB1.00.

8. Exercise price

The amount payable for each share to be subscribed for under an Option upon exercise shall be determined by the board and notified to a proposed beneficiary at the time of offer of the Option and shall be not less than the higher of:

- (a) [●]
- (b) [●]
- (c) the nominal value of the Shares.

9. Voting and other rights

No voting rights shall be exercisable and no dividends shall be payable in respect of the Options that have not been exercised.

10. Life of Share Option Scheme

Unless otherwise terminated by our board of directors or our shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of ten years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Option granted prior to the expiry of this ten year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

11. Lapse of Share Option Scheme

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 for exercise of the Option;
- (b) 12 months (or such longer period as the board may determine) after the death of the Option holder;
- (c) an Option holder ceasing to be an employee of us or any of our subsidiaries on the ground of:
 - the Option holder's misconduct;
 - the Option holder being convicted of any criminal offence involving his integrity or honesty; or
 - the Option holder's employer being entitled to summarily terminate his employment at common law or pursuant to his contract of employment;
- (d) six months after the Option holder ceases to be an employee of us or any of our subsidiaries by reason of:
 - retirement;
 - redundancy;
 - ill health or disability; or
 - a transfer of business and the employee is transferred to a company outside our Group;
- (e) three months after the termination of the Option holder's employment with us or any of our subsidiaries for reasons other than the reasons specified in sub-paragraphs 11(c) and 11(d) above;
- (f) the date on which:
 - the contract between the third party service provider and us or our relevant subsidiary is terminated, where such contract is terminated by reason of breach of contract on the part of the third party service provider; or
 - the third party service Provider appears either unable to pay or have no reasonable prospect to be able to pay debts, or had become insolvent, or has made any arrangement (including a voluntary arrangement) or composition with his creditors generally, or ceases or threatens to cease to carry on his business, or is bankrupted or has been convicted of any criminal offence involving integrity or honesty, provided

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that whether any one or more of the events specified above occur in relation to a third party service provider shall, in its reasonable opinion, be solely and conclusively determined the board;

- (g) nine months (or such longer period as the board may determine) after the Option holder ceases to be a third party service provider by reason of:
- for a third party service provider under a fixed term contract, termination or expiry of the term of the relevant fixed term contract without any extension or renewal by us or our relevant subsidiary for reasons other than those specified in sub-paragraph 11(f) above or on his death; or
 - for a third party service provider not under any fixed term contract, ceasing to provide any further advisory or consultancy or other kind of services, support, assistance or contribution to us or our relevant subsidiary as may be determined by the board and notified to such third party service provider in writing within three months after the provision of its last service, support, assistance or contribution to us or our relevant subsidiary for reasons other than those specified in sub-paragraph 11(f) above or on his death;
- (h) in the case of any takeover, scheme of compromise or arrangement or voluntary winding up, the expiry of the periods of notice as specified in the Share Option Scheme, provided that in the case of a scheme of compromise or arrangement, the proposed compromise or arrangement becomes effective;
- (i) the date of commencement of the winding-up of our Company; or
- (j) the Option holder in any way selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option or enter into any agreement to do any of the foregoing.

12. Cancellation of options not exercised

Any options granted but not exercised may be cancelled if the Option holder (or, if applicable, the option holder's nominee on the option holder's behalf or his legal personal representative(s)) so agrees and new options may be granted to the same Option holder (or, if applicable, the Option holder's nominee on the Option holder's behalf or his legal personal representative(s)) provided such Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the Share Option Scheme.

13. Ranking of shares

The shares to be allotted and issued to an Option holder upon the exercise of an option shall be subject to all the provisions of our Articles of Association for the time being in force and will rank pari passu with the fully paid shares in issue on the date the name of the option holder (or the Option holder's nominee, if applicable) is registered on our register of members. Prior to the Option holder (or the Option holder's nominee, if applicable) being registered on our register of members, the Option holder shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the shares to be issued upon the exercise of the Option.

14. Effect of alterations to capital

In the event of any capitalization issue, rights issue, open offer, consolidation subdivision or reduction of our share capital, such corresponding alterations (if any) shall be made in the number or nominal amount of our shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option and/or the method of exercise of the option as our auditors or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with the relevant rules and regulations.

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Any such alterations will be made on the basis that an Option holder shall have the same proportion of our issued share capital (as interpreted in accordance with the Supplemental Guidance) for which any Option holder is entitled to subscribe pursuant to the Options held by such Option holder 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 alteration. Any adjustment to be made will comply with the relevant rules and regulations.

If there has been any alteration in our capital structure as referred to in paragraph 14, we shall, upon receipt of a notice from an Option holder in writing in accordance with the requirements of the Share Option Scheme stating that the Option is thereby exercised and specifying the number of Shares to be subscribed, inform the Option holder of such alteration and shall either inform the Option holder of the adjustment to be made pursuant to the certificate of the independent financial adviser or the auditors (as the case may be) obtained by us for such purpose or, if no such certificate has yet been obtained, inform the Option holder of such fact and instruct the independent financial adviser or the auditors (as the case may be) as soon as practicable to issue a certificate in that regard in accordance with paragraph 14.

For the purposes of this paragraph, the independent financial adviser or the auditors shall act as experts and not as arbitrators and their certification being final and binding on us and the Option holder. Their costs shall be borne by us.

15. Termination

We, by ordinary resolution of our shareholders, 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 or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised and unexpired Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

16. Transferability

The Options are personal to the Option holders and are not transferable, except for the transmission of an Option on the death of an Option holder to his personal representative(s) on the terms of the Share Option Scheme. This does not prevent a grantee from nominating an entity to hold his Options on his behalf, provided that the grantee shall undertake to ensure that such nominee shall hold the Options on the terms on which they are granted and to be bound by the provisions of the Share Option Scheme.

17. Amendment

Subject to the terms set out in the paragraph below, the board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in the relevant rules and regulations) at any time (but not so as to affect adversely any rights which have accrued to any Option holder at that date).

Those specific provisions of the Share Option Scheme which relate to the matters set out in the relevant rules and regulations cannot be altered to the advantage of Option holders, and no changes to the authority of the directors or administrator of the Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of our shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature,

or any change to the terms of Options granted, must be approved by our shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with the relevant rules and regulations.

18. Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (a) [●]; and
- (b) [●].

If any of the above conditions are not satisfied before such later date as the board may decide, the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty and tax indemnity

As at the Latest Practicable Date, our directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Baslow, Bubbly Brooke, Rongton and Peace & Smooth, or the Indemnifiers, have given indemnities in our favor pursuant to which they have agreed to indemnify us against, among other things, any taxation falling on our Company: (i) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the effective date of the deed of indemnity, and (ii) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the effective date of the deed of indemnity. However, the above indemnities do not apply to any taxation:

- (a) to the extent that specific provision or reserve has been made for such taxation in our combined financial statements included in Appendix I – "Accountants' Report", or to the extent that it relates to taxation incurred or accrued after June 30, 2009 that arises in the ordinary course of our business in this document;
- (b) to the extent such taxation would not have arisen but for an act or omission by us after the effective date of the deed of indemnity (other than pursuant to a legally binding commitment created on or before the effective date of the deed of indemnity);
- (c) to the extent such taxation or liability arises or is incurred only as a result of a retrospective change in law or regulations, a retrospective increase in tax rates or a retrospective change in administrative interpretation of law or regulations, coming into force after the effective date of the deed of indemnity; or
- (d) to the extent that any such liability is disclosed in this document.

Where provision or reserve has been made for taxation in the financial statements included in Appendix I – "Accountants' Report" which is finally established to be an over-provision or an excessive reserve, the Indemnifiers' liabilities (if any) shall be reduced by an amount not exceeding such over-provision.

The indemnity provided by the Indemnifying Parties will remain valid: (1) during a period of five years from the [effective date of the deed of indemnity], and subject to the Indemnifying Parties receiving a written notice from our Company prior to the expiry of such five-year period giving details of the claim, and any such claim should (if not previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn at the expiry of a period of six months after the fifth anniversary of the

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[effective date of the deed of indemnity] unless proceedings for such claim have been commenced by our Company against the Indemnifying Parties; and (2) provided that [●].

2. Litigation

As at the Latest Practicable Date, the directors of our Company are not aware of any 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 operations.

4. Qualifications of experts

The qualifications of the experts who have given their opinions or advice in this document are as follows:

<u>Name</u>	<u>Qualifications</u>
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5. Consents

Each of KPMG as our reporting accountants, Jones Lang LaSalle Sallmanns Limited as our property valuers, Conyers Dill & Pearman as our legal advisors on Cayman Islands law and our legal advisors on PRC law has given and has not withdrawn its respective written consents to the issue of this document 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 member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Disclaimers

(a) Other than as disclosed in this document, none of our Directors nor any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix VI is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this document, 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;

(b) Other than as disclosed in this document, none of our Directors nor any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix VI is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business; and

(c) Other than as disclosed in this document, we have not issued nor agreed to issue any founder shares, management shares or deferred shares.

7. Binding effect

This document 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 Hong Kong Companies Ordinance so far as applicable.

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8. Compliance Advisor

We will appoint a compliance advisor pursuant to the relevant rules and regulations. Pursuant to the relevant rules and regulations, the compliance advisor will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases; and
- or where our business activities, developments or results deviate from any estimate, or other information in this document.

The term of the appointment shall commence on [●] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after [●] and such appointment may be subject to extension by mutual agreement.