

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 4 February 2010 with an authorised share capital of HK\$100,000 divided into 1,000,000 Shares. On 4 February 2010, one nil-paid Share was allotted and issued, to Codan Trust Company (Cayman) Limited, which was transferred to Sinoref International on the same date. Our Company also allotted and issued another 999,999 nil-paid Shares to Sinoref International on the same date. The said 1,000,000 nil-paid Shares were transferred to the shareholders of Sinoref International in proportion to their respective shareholdings in Sinoref International, at nil consideration, immediately prior to completion of the share transfer agreement referred to in paragraph 4(g) below and were subsequently paid up in the manner described therein.

On 11 February 2010, the name of our Company changed from Sinoref Holdings Ltd. to Sinoref Holdings Limited 華耐科技控股有限公司. On 11 May 2010, the name of our Company changed from Sinoref Holdings Limited 華耐科技控股有限公司 to Sinoref Holdings Ltd., and from Sinoref Holdings Ltd. to Sinoref Holdings Limited 華耐控股有限公司, which is our current company name.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises a memorandum of association and the Articles. A summary of the relevant laws and regulations of the Cayman Islands and of our Company's constitution is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company*(a) Increase in authorised share capital*

The authorised share capital of our Company was increased from HK\$100,000 to HK\$300,000,000 by the creation of 2,999,000,000 new Shares pursuant to a resolution passed by all Shareholders referred to in paragraph 3 below.

Immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Over-allotment Option), our authorised share capital will be HK\$300,000,000 divided into 3,000,000,000 Shares, of which 1,200,000,000 Shares will be issued fully paid or credited as fully paid, and 1,800,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this paragraph and in the paragraphs headed "Incorporation of our Company", "Resolutions in writing of all Shareholders passed on 7 June 2010" and "Group reorganisation" in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(b) *Founder shares*

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of all Shareholders passed on 7 June 2010

By resolutions in writing of all Shareholders passed on 7 June 2010:

- (a) the authorised share capital of our Company was increased from HK\$100,000 to HK\$300,000,000 by the creation of 2,999,000,000 new Shares and we approved the relevant amendment to our memorandum of association;
- (b) we approved and adopted the Articles;
- (c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (bb) the Offer Price having been determined; (cc) the execution and delivery of the International Underwriting Agreement on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the Global Offering and the grant of the Over-allotment Option by our Company were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in this Appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$89,800,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 898,000,000 Shares for allotment and issue to our Shareholders whose names appear on the register of members of our Company at the close of business on 7 June 2010 (or as they may direct) in proportion to their then existing respective shareholdings in our Company and so that the Shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

- (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or upon the exercise of any options which may be granted under the Share Option Scheme or under the Global Offering or the Capitalisation Issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; and (bb) the nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to sub-paragraph (iv) above to include the nominal amount of Shares which may be purchased or repurchased pursuant to sub-paragraph (v) above; and
- (d) the form and substance of each of the service agreements made between our executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our non-executive Director and our independent non-executive Directors with our Company were approved.

4. Group reorganisation

The companies comprising our Group underwent a reorganisation to rationalise our Group's structure in preparation for the listing of the Shares on the Stock Exchange, which involved the following:

- (a) On 12 January 2010, Sinoref (BVI) was incorporated in the BVI for the purpose of acting as the intermediate company of our Group with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the same date, Sinoref (BVI) allotted and issued one share to Sinoref International;
- (b) On 2 February 2010, Sino Super and Sinoref International entered into an equity transfer agreement, pursuant to which Sino Super transferred its 5% equity interest in Sinoref (Yixing) to Sinoref International in consideration of Sinoref International allotting and issuing 263,158 shares of US\$0.01 each in its share capital credited as fully paid to Sino Super. Sino Super had directed such shares to be issued to Dr. Zhang, being the sole shareholder of Sino Super, on 5 March 2010 (after the share subdivision as referred to in sub-paragraph (e) below). Sinoref (Yixing) has become a wholly-owned subsidiary of Sinoref International;
- (c) On 4 February 2010, our Company was incorporated under the Companies Law as an exempted company with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. On 4 February 2010, our Company allotted and issued one nil-paid Share to Codan Trust Company (Cayman) Limited, which was transferred to Sinoref International on the same date. Our Company also allotted and issued another 999,999 nil-paid Shares to Sinoref International on the same date;
- (d) On 17 February 2010, Sinoref (HK) was incorporated under the Companies Ordinance in Hong Kong for the purpose of acting as the intermediate company of our Group with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the same date, Sinoref (HK) allotted and issued one share to Sinoref (BVI);
- (e) On 4 March 2010, each of the then issued shares of Sinoref International having a par value of US\$1.00 each was subdivided into 100 subdivided shares having a par value of US\$0.01 each, thereby the number of the then issued shares was increased from 50,000 shares of US\$1.00 each to 5,000,000 shares of US\$0.01 each. On the same date, the authorised share capital of Sinoref International was increased from US\$50,000 divided into 5,000,000 shares of US\$0.01 each to US\$55,000 divided into 5,500,000 shares of US\$0.01 each;
- (f) On 8 March 2010, Sinoref International and Sinoref (HK) entered into an equity transfer agreement, pursuant to which Sinoref International transferred its entire equity interest in Sinoref (Yixing) to Sinoref (HK) in consideration of Sinoref (HK) procuring Sinoref (BVI) allotting and issuing one share of US\$1.00 each in its share capital credited as fully paid to Sinoref International. Sinoref (Yixing) has become a wholly-owned subsidiary of Sinoref (HK); and

- (g) On 7 June 2010, the authorised share capital of our Company was increased from HK\$100,000 to HK\$300,000,000. Pursuant to a share purchase agreement dated 7 June 2010 and entered into by, among other parties, Sinoref International as vendor and our Company as purchaser for the acquisition of the entire issued share capital of Sinoref (BVI), being two shares of US\$1.00 each, in consideration of and in exchange for which our Company (i) credited as fully paid at par the 1,000,000 nil-paid Shares then held by the shareholders of Sinoref International; and (ii) allotted and issued, at the direction of Sinoref International, 1,000,000 Shares credited as fully paid to the shareholders of Sinoref International in proportion to their respective shareholdings in Sinoref International.

5. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the accountants' report set out in Appendix I to this prospectus.

Save for the alterations described in paragraph 4 above, there is no alteration in the share capital of our subsidiaries which took place within the two years immediately preceding the date of this prospectus.

6. Further information about our Group's PRC establishments

Our Group has interest in the registered capital of Sinoref (Yixing) in the PRC. A summary of the corporate information of Sinoref (Yixing) is set out as follows:

Sinoref (Yixing)

- | | |
|---|---|
| (i) Name of the enterprise: | 華耐國際(宜興)高級陶瓷有限公司
(Sinoref International (Yixing) Co., Ltd.) |
| (ii) Economic nature: | Limited liability company (wholly owned by Taiwan, Hong Kong and Macau investors (台港澳法人獨資)) |
| (iii) Registered owner: | Sinoref (HK) |
| (iv) Total investment: | US\$12,000,000 |
| (v) Registered capital: | US\$6,000,000 |
| (vi) Attributable interest to our Group | 100% |
| (vii) Term of operation: | From 20 July 2005 to 19 July 2055 |
| (viii) Scope of business: | Permitted operation item: Nil
General operation items: Manufacturing of advanced steel flow control products |

7. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

(a) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all Shareholders on 7 June 2010, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first.

(b) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Companies Law. 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. Under the Cayman Islands laws, any repurchases by us may be made out of our profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of our profits or from sums standing to the credit of our share premium account or, if authorised by the Articles and subject to the Companies Law, out of capital.

(c) *Reasons for repurchases*

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

(d) *Funding of repurchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

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

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

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

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

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under Part XI of the Companies Ordinance

Our Company has established our head office and a principal place of business in Hong Kong for the purpose of registration under Part XI of the Companies Ordinance at 40/F., Jardine House, 1 Connaught Place, Central, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Mr. Tam Chi Ming, George, our company secretary, has been appointed as the agent of our Company for the acceptance of service of process and any notice required to be served on us in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY



9. Summary of material contracts

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

- (a) an equity transfer agreement dated 22 August 2009 and entered into by Sinoref International as purchaser and Sino Super as vendor, pursuant to which Sino Super agreed to transfer its 17% equity interest in Sinoref (Yixing) (i.e. paid-up capital of US\$1,020,000) to Sinoref International at a consideration of US\$1,020,000;
- (b) an equity transfer agreement dated 2 February 2010 and entered into by Sinoref International as purchaser and Sino Super as vendor, pursuant to which Sino Super agreed to transfer its 5% equity interest in Sinoref (Yixing) (i.e. paid-up capital of US\$300,000) to Sinoref International at a consideration of US\$300,000 which was settled by Sinoref International allotting and issuing 263,158 shares in its share capital to Sino Super or its designated company or individual;
- (c) an equity transfer agreement dated 8 March 2010 and entered into by Sinoref International as vendor and Sinoref (HK) as purchaser, pursuant to which Sinoref (HK) agreed to acquire the entire equity interest in Sinoref (Yixing) at a consideration of US\$6,000,000 which was settled by Sinoref (HK) procuring Sinoref (BVI) to allot and issue one share in the share capital of Sinoref (BVI) to Sinoref International;
- (d) a share purchase agreement dated 7 June 2010 and entered into by Sinoref International as vendor and warrantor, Mr. Xu and Dr. Zhang as warrantors and our Company as purchaser, pursuant to which our Company acquired the entire issued share capital of Sinoref (BVI) in consideration of and in exchange for which our Company (i) allotted and issued, credited as fully paid, an aggregate of 1,000,000 Shares to the shareholders of Sinoref International in proportion to their respective shareholdings in Sinoref International at the direction of Sinoref International; and (ii) credited as fully paid at par the 1,000,000 nil-paid Shares then held by the shareholders of Sinoref International;
- (e) a deed of indemnity dated 24 June 2010 executed by Mr. Xu, Dr. Zhang, Mr. Gu Aoxing, Mr. Chai Xishu, Mr. Wang Zhizhong, Mr. Fu Chengzheng and Mr. Gao Zhilong in favour of our Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in the paragraph headed “Estate duty, tax and other indemnity” of this Appendix; and
- (f) the Hong Kong Public Offer Underwriting Agreement.

10. Intellectual property rights of our Group*Trademarks*

As at the Latest Practicable Date, our Group had the right to use the following trademarks:

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Duration of validity
1.		Sinoref (Yixing)	PRC	19 (Note)	4843136	14 April 2009 to 13 April 2019
2.		Sinoref (Yixing)	PRC	19 (Note)	4843510	7 March 2009 to 6 March 2019

Note:

The specific goods under class 19 in respect of which these trademarks were applied for registration are non-metallic building materials.

As at the Latest Practicable Date, applications had been made by our Group for the registration of the following trademarks:

No.	Trademark	Applicant	Place of registration	Class	Application number	Application Date
1.		Our Company	Hong Kong	19 (Note)	301574497	26 March 2010
2.		Our Company	Hong Kong	19 (Note)	301574479	26 March 2010

Note:

The specific goods under class 19 in respect of which these trademarks were applied for registration are non-metallic building materials.

Patents

As at the Latest Practicable Date, our Group had the right to use the following patents:

No.	Patent	Registered owner	Place of registration	Type	Registration number
1.	薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process)	Sinoref (Yixing)	PRC	Utility	ZL20092004677.2
2.	可控制流入氣體的 整體式塞棒(Mono block Stopper with controlled gas flow)	Sinoref (Yixing)	PRC	Utility	ZL200920047287.8

As at the Latest Practicable Date, applications had been made by our Group for the registration of the following patents:

No.	Patent	Applicant	Place of application	Type	Application number	Application date
1.	薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process)	Sinoref (Yixing)	PRC	Invention	200910026394.7	22 April 2009
2.	可控制流入氣體的 整體式塞棒 (Mono block Stopper with controlled gas flow)	Sinoref (Yixing)	PRC	Invention	200910031793.2	14 July 2009
3.	薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process)	Sinoref (Yixing)	PRC	Invention	200910264567.9	28 December 2009
4.	薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process)	Sinoref (Yixing)	PRC	Utility	200920284817.0	28 December 2009
5.	一種內裝浸入式水口 (A built-in Subentry Nozzle)	Sinoref (Yixing)	PRC	Utility	2010201334793	17 March 2010
6.	複合式棒頭結構塞棒 (Compound-head structured Stopper)	Sinoref (Yixing)	PRC	Invention	2010101309122	23 March 2010
7.	複合式棒頭結構塞棒 (Compound-head structured Stopper)	Sinoref (Yixing)	PRC	Utility	2010201385742	23 March 2010

Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

No.	Domain name	Registrant	Registration date	Expiration date
1.	sinoref.cn	Sinoref (Yixing)	15 October 2006	15 October 2010
2.	sinoref.com.hk	Sinoref (HK)	19 March 2010	25 March 2011

11. Connected transactions and related party transactions

Save as disclosed in notes 25 and 30 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, we have not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

12. Directors

(a) *Disclosure of interests of Directors*

- (i) Mr. Xu, Dr. Zhang, Mr. Gu Aoxing, and Mr. Gao Zhilong are interested in the Reorganisation.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) *Particulars of Directors' service contracts*

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from 7 June 2010. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least three months' written notice of non-renewal before the expiry of the then existing term.

Each of our executive Directors is entitled to a basic salary as set out below (subject to an annual increment after 31 December 2010 at the discretion of our Directors of not more than 10% of the annual salary immediately prior to such increase). In addition, each of our executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all our executive Directors for any financial year of our Company may not exceed 10% of the audited combined or consolidated net profit of our Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of our Company. Further, each of Mr. Xu and Dr. Zhang is entitled to the use of a car in the PRC of the style and model commensurate with his rank and position, and Dr. Zhang will be reimbursed for his accommodation in Yixing where he is required to stay and perform his duties under the service contract. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of our executive Directors are as follows:

Name	Annual salary (RMB)
Mr. Xu	500,000
Dr. Zhang	500,000
Mr. Gu Aoxing	200,000

Non-executive Director and independent non-executive Directors

Each of our non-executive Director and our independent non-executive Directors has been appointed for an initial term of two years commencing from 7 June 2010 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by either our non-executive Director or our independent non-executive Director, as applicable, or our Company giving not less than three months' notice in writing expiring at the end of the initial term or at any time thereafter. Each of our non-executive Director and our independent non-executive Directors is entitled to a director's fee of HK\$10,000 per month. Save for directors' fees, none of our non-executive Director or our independent non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director or an independent non-executive Director.

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

(c) *Remuneration of Directors*

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the financial year ended 31 December 2009 were approximately RMB766,000.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our non-executive Director and independent non-executive Directors) for the year ending 31 December 2010, are expected to be approximately RMB1,500,000.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2009 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2009.

(d) *Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering*

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, the interests or short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to

our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Name of Director(s)	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Percentage of shareholding
Mr. Xu	Our Company	Beneficial owner	360,000,000 Shares (L)	30.00%
Mr. Gao Zhilong	Our Company	Beneficial owner	171,000,000 Shares (L)	14.25%
Dr. Zhang	Our Company	Beneficial owner	90,000,000 Shares (L)	7.50%
Mr. Gu Aoxing	Our Company	Beneficial owner	36,000,000 Shares (L)	3.00%

Note:

- The letter "L" denotes our Directors' long position in our Shares.

13. Interest discloseable under the SFO and substantial shareholders

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (but without taking into account of any Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), other than a Director or chief executive of our Company whose interests are disclosed under the sub-paragraph headed "Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering" above, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be expected, directly or indirectly, to be interested in 10% or more of the Shares:

Name of Shareholder	Capacity/nature of interest	Number and class of securities (Note 1)	Percentage of shareholding
Ms. Gu Shuping (Note 2)	Interest of spouse	360,000,000 Shares (L)	30.00%
Ms. Chai Xiaoyuan (Note 3)	Interest of spouse	171,000,000 Shares (L)	14.25%
Mr. Chai Xishu	Beneficial owner	108,000,000 Shares (L)	9.00%
Ms. Wang Suying (Note 4)	Interest of spouse	108,000,000 Shares (L)	9.00%
Ms. Zhao Yijun (Note 5)	Interest of spouse	90,000,000 Shares (L)	7.50%

Note:

- The letter "L" denotes the corporation's long position in our Shares.
- Ms. Gu Shuping is the wife of Mr. Xu.
- Ms. Chai Xiaoyuan is the wife of Mr. Gao Zhilong.
- Ms. Wang Suying is the wife of Mr. Chai Xishu.
- Ms. Zhao Yijun is the wife of Dr. Zhang.

14. Particulars of the Selling Shareholders

Name	Description	Address	Number of Sale Shares
Gao Zhilong	Non-executive Director	Room 603, No.19, District 10 Alley 3118, Yindu Road Minhang District Shanghai, China 201100	54,000,000
Chai Xishu	PRC individual	No.88, Shanbei, Sidu County Jiangshan City Zhejiang Province China	36,000,000

15. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering and the Capitalisation Issue, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of us;
- (b) none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph 23 has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other member of us nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

- (d) none of our Directors nor any of the parties listed in paragraph 23 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and
- (e) save in connection with the Underwriting Agreements, none of the parties listed in paragraph 23 below:
 - (i) is interested legally or beneficially in any securities of any member of us; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

OTHER INFORMATION

16. Share Option Scheme

(a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by all Shareholders on 7 June 2010:

(i) *Purposes of the scheme*

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, our Directors and other selected participants for their contributions to us. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to our development so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) *Who may join*

Our Directors (which expression shall, for the purpose of this paragraph 16, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity (the “**Invested Entity**”) in which our Group holds an equity interest;

- (bb) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of any member of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of our Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

(iii) Maximum number of Shares

- (aa) The maximum number of Shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 30% of the issued share capital of our Company from time to time.
- (bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date (the “**General Scheme Limit**”).

- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to our Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by our Shareholders in general meeting of our Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted must be fixed before Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who or whose associate is the proposed grantee of the options).
- (bb) Where any grant of options to a substantial shareholder of our Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already 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% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK\$5 million;

such further grant of options must be approved by our Shareholders in general meeting. Our Company must send a circular to our Shareholders. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in general meeting.

(vi) *Time of acceptance and exercise of option*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) *Performance targets*

Unless our Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) *Subscription price for the Shares and consideration for the option*

The subscription price for the Shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) *Ranking of the Shares*

(aa) The Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(bb) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(x) *Restrictions on the time of the offer for the grant of options*

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing

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

Our Directors may not make any offer for the grant of option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and shall not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full-time or part-time employee, including any executive director but not any non-executive director) of our Company, any of our subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraphs (1), (2) or (3) above, his option will lapse automatically on the date on which our Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant date for entitlements under such scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business

days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company while an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares to which the Share Option Scheme or any option relates (insofar as it is/they are unexercised) and/or the subscription price of the option concerned and/or (unless the grantee of the option elects to waive such adjustment) the number of Shares comprised in an option or which remains comprised in an option, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iv) any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by our Shareholders pursuant subparagraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

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

(xxiii) Lapse of option

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

- (aa) the expiry of the option period in respect of such option; and
- (bb) the expiry of the periods or dates referred to in paragraphs (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); and
- (cc) the date on which the Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Listing Committee granting the listing of and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of our Shareholders in general meeting.
- (cc) 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.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by our Shareholders in general meeting.

(b) *Present status of the Share Option Scheme*

(i) Approval of the Listing Committee required

The Share Option Scheme is conditional on the Listing Committee granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

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

(iii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables.

As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

17. Estate duty, tax and other indemnity

Mr. Xu, Dr. Zhang, Mr. Gu Aoxing, Mr. Chai Xishu, Mr. Wang Zhizhong, Mr. Fu Chengzheng and Mr. Gao Zhilong (together, the “**Indemnifiers**”) have entered into a deed of indemnity with and in favour of our Company (for ourselves and as trustee for each of our present subsidiaries) (being the material contract (e) referred to in paragraph 9 above) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Listing; and
- (b) tax liabilities (including all reasonable fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 December 2009;
- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on 1 January 2010 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 January 2010; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 1 January 2010 or pursuant to any statement of intention made in this prospectus; or

- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 December 2009 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the deed of indemnity, Dr. Zhang has also undertaken to us that he will indemnify and at all times keeps us fully indemnified, on demand from and against all losses, claims, actions, demands, liabilities, damages, costs, expenses, fines and of whatever nature suffered or incurred by any of the members of our Group directly or indirectly as a result of or in connection with any successful claim(s) of infringement of intellectual property rights taken out by the Vesuvius group relating to his previous employment with the Vesuvius group which might arise in the future.

18. Litigation

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition of our Company.

19. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately US\$4,150 and are payable by our Company.

20. Promoter

- (a) Our Company does not have any promoter.
- (b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

21. Agency fees or commissions received

The Underwriters will receive an underwriting commission and an incentive fee at the rate of 3.5% and 1.0% of the aggregate Offer Price payable for the Offer Shares respectively (including Shares to be issued pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commissions. In addition, an additional incentive fee of 0.5% on the Offer Price of all the Offer Shares will be paid to the Joint Bookrunners if the Over-allotment Option is exercised subject to the terms of the Underwriting Agreements. The underwriting commission and incentive fee is estimated to be an amount of approximately HK\$13.5 million (based on Offer Price of HK\$0.77 per Offer Share and assuming that the Over-allotment Option is not exercised) and are payable by our Company and the Selling Shareholders with reference to the number of Offer Shares issued or sold by each of them under the Global Offering.

The listing fees, the Stock Exchange trading fees, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, is currently estimated to be approximately HK\$27.8 million in aggregate and 76.9% of which is payable by our Company, and the remaining 23.1% of which is payable by the Selling Shareholders with reference to the number of Offer Shares issued or sold by each of them under the Global Offering.

22. Application for listing of Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, being 10% of the Shares in issue on the Listing Date, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

23. Qualifications of experts

The following are the qualifications of the experts who have given opinions and/or whose names are included in this prospectus:

Name	Qualification
DBS Asia Capital Limited	Licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jingtian & Gongcheng Attorneys at Law	Qualified PRC lawyers
Colliers International (Hong Kong) Ltd.	Professional property valuer

24. Consents of experts

Each of DBS, Deloitte Touche Tohmatsu, Conyers Dill & Pearman, Jingtian & Gongcheng Attorneys at Law and Colliers International (Hong Kong) Ltd. has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report, letter and/or legal opinion (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

25. Binding effect

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

26. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of our Shares resulting from their subscription for, purchase, holding or disposal of or dealing in our Shares or exercising any rights attaching to them.

Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of our Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of our Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of our Shares are exempt from Cayman Islands stamp duty.

27. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within two years preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

- (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
- (b) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2009 (being the date to which the latest audited combined financial statements of our Group were made up).
 - (c) our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

28. Bilingual prospectus

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