

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

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 27, 2009 under the Cayman Companies Law. At the time of incorporation, the name of our Company was “China New Materials (Zhongpu) Holdings Limited (中國新材料(中普)控股有限公司)”. The name of our Company was subsequently changed to “China Enviro New Materials Holdings Limited (中國環保新材控股有限公司)” on December 14, 2009 and then to its current name, “China New Materials Holdings Limited (中國新材控股有限公司)” on October 28, 2010. Our Company has established a principal place of business in Hong Kong at Suites 2012-2013, Level 20, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on October 22, 2009. Li & Partners of 22/F., World Wide House, Central, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notice on behalf of our Company in Hong Kong at the above address.

As our Company was incorporated in the Cayman Islands, it operates subject to Cayman Islands law and its constitution comprising the Memorandum and the Articles of Association. A summary of certain provisions of the constitution and relevant aspects of the Cayman Islands company law is set out in Appendix V to this prospectus.

**2. Changes in share capital of our Company**

The authorized share capital of our Company as at the date of its incorporation was HK\$1,000,000 divided into 100,000,000 Shares of HK\$0.01 each.

On August 27, 2009, one nil-paid Share was allotted and issued to the initial subscriber who then transferred the same to Apex Wide at par value on the same date. The one nil-paid Share held by Apex Wide was fully paid at par on November 16, 2010.

On April 30, 2010, our Company allotted and issued at par value 99 Shares to Apex Wide.

On April 30, 2010, Apex Wide sold 3 Shares to China Angel for a consideration of HK\$37,500,000 pursuant to the sale and purchase agreement between Apex Wide and China Angel dated April 25, 2010 and the supplemental agreement thereto dated April 29, 2010. Upon completion of such sale, our Company was held as to 97% and 3% by Apex Wide and China Angel respectively.

On May 12, 2010, Apex Wide sold 1 Share to China Angel for a consideration of HK\$12,500,000 pursuant to the sale and purchase agreement between Apex Wide and China Angel dated May 12, 2010. On the same day, Apex Wide sold 2 Shares to CIG for a consideration of HK\$25,000,000 pursuant to the sale and purchase agreement between

Apex Wide and CIG dated May 12, 2010. Upon completion of such sales, our Company was held as to 94%, 4% and 2% by Apex Wide, China Angel and CIG respectively.

On August 11, 2010, Apex Wide sold 9 shares to Sun Ascent for HK\$90,000,000 pursuant to the sale and purchase agreement dated November 16, 2009. Upon completion of such sale, our Company was held as to 85%, 9%, 4% and 2% by Apex Wide, Sun Ascent, China Angel and CIG respectively.

On August 12, 2010, Apex Wide sold 5 Shares to Blue Skies for a consideration of HK\$70,000,000 pursuant to the sale and purchase agreement between Apex Wide and Blue Skies dated August 12, 2010. Upon completion of such sale, our Company was held as to 80%, 9%, 4%, 5% and 2% by Apex Wide, Sun Ascent, China Angel, Blue Skies and CIG respectively.

On November 16, 2010, the authorized share capital of our Company was increased to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each.

On November 16, 2010, our Company allotted and issued 80 Shares to Apex Wide, all credited as fully paid, in satisfaction of the repayment of all the shareholder's loan owed by our Group to Apex Wide and Mr. Zhang as at November 16 2010 which amounted to RMB401,709,487 (the "**Capitalization of Shareholder's Loan**"). On the same day, our Company allotted and issued 2 Shares, 4 Shares, 9 Shares and 5 Shares, all credited as fully paid at par, to CIG, China Angel, Sun Ascent and Blue Skies respectively (the "**Further Issue**"). Upon completion of the Capitalization of Shareholder's Loan and the Further Issue, there was no change in the shareholding structure of the Company and our Company was held as to 80%, 9%, 4%, 5% and 2% by Apex Wide, Sun Ascent, China Angel, Blue Skies and CIG respectively.

Assuming that the Global Offering becomes unconditional and the Offer Shares are issued, our issued share capital upon completion of the Capitalization Issue and the Global Offering will be HK\$11,700,000 divided into 1,170,000,000 Shares of HK\$0.01 each (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme).

Save as disclosed in this Appendix and as disclosed in the section headed "History, Reorganization and Corporate Structure" in this prospectus, there has been no alteration in the share capital of our Company since the date of our incorporation.

### **3. Resolutions in writing of all our Shareholders passed on November 16, 2010**

Pursuant to written resolutions passed by all our Shareholders on November 16, 2010, the following resolutions, among other resolutions, were duly passed:

- (a) our Company conditionally approved and adopted the Articles of Association;
- (b) the authorized share capital of our Company be increased from HK\$1,000,000 to HK\$20,000,000 by the creation of an additional 1,900,000,000 Shares;

- (c) conditional on (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the Over-allotment Option or the exercise of any options which may be granted under the Share Option Scheme); (ii) the entering into of the agreement on the Offer Price between the Joint Global Coordinators (for and on behalf of the Underwriters) and the Company on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
- (i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue new Shares under the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
  - (ii) conditional on (i) the share premium account of the Company being credited as a result of the Global Offering; (ii) completion of the transfer of such number of Shares from Apex Wide to IAM in accordance with the September 2009 Notes Subscription Agreement; and (iii) completion of the transfer of such number of Shares from Apex Wide to CCAM and CIG in accordance with the November 2009 Notes Subscription Agreement and the Amendment Agreement, to approve and authorize the Directors to allot and issue a total of 877,499,800 Shares, credited as fully paid at par, to holders of Shares whose names appear on the principal register of members of the Company in the Cayman Islands as at 10:00 p.m. (Hong Kong Time) of the Business Day immediately preceding the Listing Date in proportion (or as nearly as possible without involving fractions) to their then existing shareholding in the Company, by way of capitalization of HK\$8,774,998 standing to the credit of the share premium account of the Company and applying such sum of HK\$8,774,998 in paying up in full at par 877,499,800 Shares for such allotment and issue, each ranking *pari passu* in all respects with the then existing issued Shares;
  - (iii) the rules of the Share Option Scheme were approved and adopted, and our Directors were hereby authorized, at their absolute discretion, to (i) administer the Share Option Scheme, (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange, (iii) grant options to subscribe for Shares under the Share Option Scheme, (iv) allot, issue and deal with the Shares issued pursuant to the Share Option Scheme, (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme and (vi) take all such steps as they consider necessary or desirable to implement the Share Option Scheme.

- (d) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by our Shareholders in a general meeting, Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue, such mandate to remain in effect until (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or (iii) until revoked or varied by an ordinary resolution of our Shareholders in general meeting of our Company, whichever occurs first;
- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue, such mandate to remain in effect until (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or (iii) until revoked or varied by an ordinary resolution of our Shareholders in general meeting of our Company, whichever occurs first; and
- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

#### **4. Corporate reorganization**

For information with regard to our Reorganization, please see the section headed “History, Reorganization and corporate structure” in this prospectus.

## 5. Changes in share capital of our subsidiaries

Our subsidiaries are referred to in the accountants' report, the text of which is set out in Appendix I to this prospectus.

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

(a) *Eminent Gains (BVI)*

The authorized share capital of Eminent Gains as at the date of its incorporation was US\$50,000 divided into 50,000 shares of US\$1 each. On August 24, 2009, Eminent Gains allotted and issued 1 share to Mr. Zhang at par value.

On September 25, 2009, Mr. Zhang transferred 1 share of Eminent Gains to our Company at par value.

(b) *Mint World (HK)*

The authorized share capital of Mint World as at the date of its incorporation was HK\$10,000 divided into 10,000 shares of HK\$1 each. On February 12, 2008, one subscriber share was allotted and issued to the initial subscriber who in turn transferred the same to Max Talent.

On September 1, 2009, Mint World allotted and issued 999 shares to Eminent Gains at par value. On the same day, Max Talent transferred its 1 share of Mint World to Eminent Gains at par value.

(c) *King General (HK)*

The authorized share capital of King General as at the date of its incorporation was HK\$10,000 divided into 10,000 shares of HK\$1 each. On August 18, 2009, King General allotted and issued one subscriber share to the initial subscriber who in turn transferred the same to Full Smart on September 23, 2009 at par value.

(d) *Dongying Shengli (PRC)*

On August 28, 2003, Dongying Shengli was established in the PRC as a WFOE with registered capital of RMB40,000,000.

On October 11, 2007, the registered capital of Dongying Shengli was increased from RMB40,000,000 to RMB180,000,000.

On November 26, 2010, Full Smart transferred the entire registered capital of Dongying Shengli to King General at a consideration of US\$1.

(e) *Full Win New Material (PRC)*

On April 2, 2008, Full Win New Material was established by Mint World in the PRC as a WFOE with registered capital of HK\$230,000,000.

On March 2, 2010, the registered capital of Full Win New Material was increased from HK\$230,000,000 to HK\$238,000,000.

(f) *Full Smart (Samoa)*

On October 25, 2000, Full Smart was incorporated in Samoa with an authorized share capital of US\$1,000,000 divided into 1,000,000 shares of a nominal value of US\$1 each. On November 30, 2000, one unpaid bearer share of US\$1 was allotted and issued by Full Smart to Mr. Xu Tieliang, an Independent Third Party.

On November 20, 2003, Mr. Xu Tieliang exchanged one bearer share for a registered share of Full Smart at par value and on the same date, transferred this one share at par value to Smart Rise.

On November 27, 2003, Smart Rise transferred 85% shareholding interests in Full Smart to Mr. Zhang at a consideration of RMB47.5 million. On the same date, Mr. Zhang and Mr. Xu Tieliang reached the Entrustment Arrangement whereby it was agreed that Mr. Xu Tieliang shall hold the 85% shareholding interests in Full Smart through Smart Rise on trust for Mr. Zhang since December 23, 2003.

On February 5, 2004, 99 shares of Full Smart were allotted and issued at par value to Smart Rise. On the same date, Mr. Zhang and Mr. Xu Tieliang agreed to terminate the Entrustment Arrangement between them and Smart Rise transferred the legal interest of 85 shares of Full Smart to Mr. Zhang at par value.

On September 21, 2007, Smart Rise transferred 15 shares of Full Smart to Mr. Zhang at a consideration of RMB3.6 million.

On September 25, 2009, Mr. Zhang transferred his 100 shares of Full Smart to our Company at par value.

Save for the aforesaid and as disclosed in the section headed “History, Reorganization and Corporate Structure” in this prospectus, there has been no alteration in the share capital of any subsidiary of our Company within the two years preceding the date of this prospectus.

## 6. Particulars of our PRC establishments

Our Company has the following subsidiaries established in the PRC, the basic information of which as at the Latest Practicable Date is set out as follows:

- |                                  |  |
|----------------------------------|--|
| (a) Dongying Shengli:            |  |
| (i) Corporate nature:            | WFOE   |
| (ii) Shareholder:                | King General   |
| (iii) Registered capital:        | RMB180,000,000   |
| (iv) Total investment:           | RMB220,000,000   |
| (v) Date of incorporation:       | August 28, 2003  |
| (vi) General nature of business: | Production and sale of chemical products such as THF (until June 6, 2013), BDO and GBL, research and development of new products and provision of technical and information consulting services  |
| (vii) Interest held by us        | 100%   |
| (b) Full Win New Material:       |  |
| (i) Corporate nature:            | WFOE   |
| (ii) Shareholder:                | Mint World   |
| (iii) Registered capital:        | HK\$238,000,000  |
| (iv) Total investment:           | HK\$570,000,000  |
| (v) Date of incorporation:       | April 2, 2008  |
| (vi) General nature of business: | Development of projects in relation to production of 1-4 BDO, THF, GBL and degradable plastics (no production activity is permitted during the project development stage until October 1, 2010; valid Approval Certificate for Goods Subject to Administrative Supervision and Control up to March 27, 2011; valid Recommendation on Safety Control of Dangerous Chemicals Development Project up to March 24, 2011) |
| (vii) Interest held by us        | 100%   |



## 7. Repurchase of our Shares

### (a) *Provisions of the Listing Rules*

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

#### (i) Shareholders' approval

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

*Note:* Pursuant to the resolutions passed by all our Shareholders on November 16, 2010, a general unconditional mandate was granted to the Directors authorizing the repurchase by our Company on the Hong Kong Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of then Shareholders in general meeting, whichever is the earliest.

#### (ii) Source of funds

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



*(b) Reasons for repurchases*

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

*(c) Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Any repurchase of Shares will be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the purchase or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company, or if authorized by the Articles and subject to the Cayman Companies Law, out of capital. There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, the 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 Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

*(d) General*

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

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

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

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

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of material contracts

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

- (a) an instrument of transfer dated September 1, 2009, by which Max Talent transferred 1 share of Mint World to Eminent Gains at a consideration of HK\$1;
- (b) a bought and sold note dated September 1, 2009, by which Max Talent transferred 1 share of Mint World to Eminent Gains at a consideration of HK\$1;
- (c) an instrument of transfer dated September 23, 2009, by which Company Kit Secretarial Services Limited transferred 1 share of King General to Great Boom Holdings Limited (now known as Full Smart Development Limited) at a consideration of HK\$1;
- (d) a bought and sold note dated September 23, 2009, by which Company Kit Secretarial Services Limited transferred 1 share of King General to Great Boom Holdings Limited (now known as Full Smart Development Limited) at a consideration of HK\$1;
- (e) an instrument of transfer dated September 25, 2009, by which Mr. Zhang transferred 1 share of Eminent Gains to our Company at a consideration of US\$1;
- (f) an instrument of transfer dated September 25, 2009, by which Mr. Zhang transferred 100 shares of Great Boom Holdings Limited (now known as Full Smart Development Limited) to our Company at a consideration of US\$100;
- (g) an enterprise strategic development consultancy agreement (企業戰略發展顧問協議) (the "**Consultancy Agreement**") dated July 3, 2009 entered into between Full Win New Material and China Sun Fund Management Limited (中國陽光投資基金管理有限公司) ("**China Sun Fund**"), pursuant to which China Sun Fund Management Limited agreed to provide consultancy service to Full Win New Material at a consideration as agreed in the Consultancy Agreement;

- (h) a termination agreement (終止協議) dated November 16, 2009 entered into between Full Win New Material and China Sun Fund, pursuant to which the Consultancy Agreement was terminated with immediate effect;
- (i) an equity transfer agreement (股權轉讓協議) dated March 23, 2010 entered into between Full Smart and King General, pursuant to which Full Smart transferred the entire registered capital of Dongying Shengli to King General at a consideration of US\$1;
- (j) a state-owned construction land use right transfer agreement (國有建設用地使用權出讓合同) dated July 2, 2010 entered into between Full Win New Material and Zibo City Land Resources Bureau (淄博市國土資源局), pursuant to which Full Win New Material acquired the land use right of a parcel of land located at the west of Baoshan Road and the north of Beiling Road, Zhangdian District from Zibo City Land Resources Bureau (淄博市國土資源局) at a consideration of RMB91,983,717;
- (k) an indemnification agreement dated November 16, 2010 entered into between Wu Chi Chiu and our Company, pursuant to which our Company agreed to indemnify Mr. Wu in certain circumstances, details of which are set out in the paragraph headed “IAM” in the sub-section headed “Pre-IPO Investors” in the section headed “History, Reorganization and Corporate Structure” in this prospectus;
- (l) a loan agreement dated October 22, 2009 entered into between Mint World and Integrated Asset Management Co. Ltd. for an advancement of HK\$8 million;
- (m) the Deed of Non-competition Undertaking dated November 17, 2010 entered into among Mr. Zhang, Apex Wide and our Company, details of which are disclosed in the sections headed “Relationship with our Controlling Shareholders” in this prospectus;
- (n) a deed of indemnity dated November 17, 2010 entered into among Mr. Zhang, Apex Wide and our Company, pursuant to which Mr. Zhang and Apex Wide have agreed to give certain indemnities in favour of our Company for itself and as trustee for its subsidiaries;
- (o) an equity transfer agreement (股權轉讓協議) dated November 26, 2010 entered into between Full Smart and King General, pursuant to which Full Smart transferred the entire registered capital of Dongying Shengli to King General at a consideration of US\$1;
- (p) an amended and restated deed of indemnity dated November 27, 2010 entered into among Mr. Zhang, Apex Wide and our Company, pursuant to which Mr. Zhang and Apex Wide have agreed to give certain indemnities in favour of our Company for itself and as trustee for its subsidiaries containing, among

others, the indemnities referred to the paragraph headed "Deed of Indemnity" under the section headed "Other Information" in Appendix VI to this prospectus; and

- (p) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights of our Group

### (a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks:

| Trademark   | Name of owner    | Place of registration | Class | Registration number | Registration date | Expiry date      |
|---|------------------|-----------------------|-------|---------------------|-------------------|------------------|
|  | our Company      | Hong Kong             | 1     | 301488763           | December 2, 2009  | December 1, 2019 |
|  | Dongying Shengli | PRC                   | 1     | 6556160             | March 28, 2010    | March 27, 2020   |
| YCST  | Dongying Shengli | PRC                   | 1     | 6556161             | March 28, 2010    | March 27, 2020   |

### (b) Domain Name

As at the Latest Practicable Date, we had registered the following domain name:

| Domain name               | Registrant  | Registration date | Expiry date      |
|---------------------------|-------------|-------------------|------------------|
| china-newmaterials.com.hk | our Company | October 28, 2010  | October 28, 2011 |

The information contained on the above website does not constitute part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual property rights which are material to our business.

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Directors

Immediately following completion of the Global Offering, the Capitalization Issue, the exchange of the September 2009 Exchangeable Notes by IAM and the exchange of the November 2009 Exchangeable Notes by CCAM and CIG, and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the interest or short position of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed are as follows:

| Name of Director            | Nature of interest                   | Number of Shares <sup>(1)</sup> | Approximate percentage of shareholding |
|-----------------------------|--------------------------------------|---------------------------------|--|
| Mr. Zhang <sup>(2)</sup>    | Interest of a controlled corporation | 473,850,000(L)                  | 40.5%                                  |
| Mr. Qin Kebo <sup>(3)</sup> | Interest of a controlled corporation | 78,975,000(L)                   | 6.75%                                  |

*Notes:*

- (1) The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.
- (2) The entire issued share capital of Apex Wide is owned by Mr. Zhang, therefore, Mr. Zhang is deemed to be interested in the 473,850,000 Shares held by Apex Wide under the provisions of SFO.
- (3) The entire issued share capital of Sun Ascent is owned by Mr. Qin Kebo, therefore, Mr. Qin Kebo is deemed to be interested in the 78,975,000 Shares held by Sun Ascent under the provisions of SFO.

## 2. Substantial Shareholders

So far as our Directors are aware, immediately following completion of the Global Offering, the Capitalization Issue, the exchange of the September 2009 Exchangeable Notes by IAM and the exchange of the November 2009 Exchangeable Notes by CCAM and CIG, and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the following persons (other than the Directors and the chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly, interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

| Name of Shareholder               | Nature of interest                   | Number of Shares <sup>(1)</sup> | Approximate percentage of shareholding |
|-----------------------------------|--------------------------------------|---------------------------------|--|
| Apex Wide <sup>(2)</sup>          | Beneficial owner                     | 473,850,000(L)                  | 40.5%                                  |
| Mr. Zhang <sup>(2)</sup>          | Interest of a controlled corporation | 473,850,000(L)                  | 40.5%                                  |
| Sun Ascent <sup>(3)</sup>         | Beneficial owner                     | 78,975,000(L)                   | 6.75%                                  |
| Mr. Qin Kebo <sup>(4)</sup>       | Interest of a controlled corporation | 78,975,000(L)                   | 6.75%                                  |
| IAM <sup>(5)</sup>                | Beneficial owner                     | 122,850,000(L)                  | 10.5%                                  |
| Mr. Yam Tak Cheung <sup>(6)</sup> | Interest of a controlled corporation | 122,850,000(L)                  | 10.5%                                  |
| CCAM <sup>(7)</sup>               | Beneficial owner                     | 70,200,000(L)                   | 6.0%                                   |
| Well Kent <sup>(7)</sup>          | Interest of a controlled corporation | 70,200,000(L)                   | 6.0%                                   |
| China Cinda <sup>(7)</sup>        | Interest of a controlled corporation | 70,200,000(L)                   | 6.0%                                   |

*Note:*

(1) The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.

(2) Apex Wide is wholly owned by Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 473,850,000 Shares which Apex Wide will hold upon Listing.

- (3) The entire issued share capital of Sun Ascent is legally and beneficially owned by Mr. Qin Kebo, a non-executive Director.
- (4) Mr. Qin Kebo is interested in the entire issued share capital of Sun Ascent and is therefore deemed to be interested in the 78,975,000 Shares which Sun Ascent will hold upon Listing.
- (5) The entire issued share capital of IAM is legally and beneficially owned by Mr. Yam Tak Cheung.
- (6) Mr. Yam Tak Cheung is interested in the entire issued share capital of IAM and is therefore deemed to be interested in the 122,850,000 Shares which IAM will hold upon Listing.
- (7) The entire issued share capital of CCAM is legally and beneficially owned by Well Kent, which is in turn wholly-owned by China Cinda. As such, each of Well Kent and China Cinda is deemed to be interested in the 70,200,000 Shares which CCAM will hold upon Listing.

Save as disclosed above, the Directors confirm that they are not aware of any persons who will immediately following completion of the Global Offering, the Capitalization Issue, the exchange of the September 2009 Exchangeable Notes by IAM and the exchange of the November 2009 Exchangeable Notes by CCAM and CIG, be interested or deemed to be interested under Part XV of the SFO in 10% or more of the Shares then in issue, or who have interests of short positions in the Shares and 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.

### 3. Particulars of Directors' service contracts

- (a) Each of the executive Directors has entered into a service contract with our Company. Particulars of these contracts, except as indicated, are in all material respects identical and are summarized below:
  - (i) each of the executive Directors is appointed for an initial term of three years commencing from the Listing Date;
  - (ii) each of the executive Directors is entitled to the respective annual salary set out below (subject to an annual review);
  - (iii) each of the executive Directors is entitled to an annual discretionary bonus and a year end payment after working for 12 months. In the event the service period of the executive Director is less than 12 months in the relevant financial year, the annual year end payment will be distributed on a pro rata basis;
  - (iv) subject to terms of the service contract, each service contract may be terminated by either party thereto giving to the other party not less than three months' prior notice in writing; and



- (v) the basic annual salaries of the executive Directors are as follows:

| <b>Name of Executive Director</b> | <b>Annual salary<br/>(RMB)</b> |
|-----------------------------------|--------------------------------|
| Zhang Kaijun (張凱鈞)                | 1,080,000                      |
| Huang Cheng (黃澄)                  | 960,000                        |
| Lu Wei (盧偉)                       | 960,000                        |
| Wong Yee Shuen Wilson (黃以信)       | 960,000                        |

- (b) Each of the non-executive Directors has entered into a letter of appointment with our Company. Particulars of these letters of appointment, except as indicated, are in all material respects identical and are summarized below:

- (i) each of the non-executive Directors is appointed for an initial term of three years commencing from the Listing Date;
- (ii) each of the non-executive Directors is entitled to the respective annual salary set out below (subject to an annual review); and
- (iii) the annual fees of the non-executive Directors are as follows:

| <b>Name of non-executive Director</b> | <b>Annual<br/>Director's fee<br/>(RMB)</b> |
|---------------------------------------|--|
| Qin Kebo (秦克波)                        | 720,000                                    |
| Wu Chi Chiu (胡志釗)                     | 720,000                                    |

- (c) Each of the independent non-executive Directors has entered into a letter of appointment with our Company. Particulars of these letters of appointment, except as indicated, are in all material respects identical and are summarized below:

- (i) each of the independent non-executive Directors is appointed for an initial term of three years commencing from the Listing Date;
- (ii) each of the letters of appointment may be terminated by either party thereto giving to the other party not less than three months' prior notice in writing; and

- (iii) the annual fees of the independent non-executive Directors are as follows:

| <b>Name of independent<br/>non-executive Director</b> | <b>Annual<br/>Director's fee<br/>(RMB)</b> |
|---|--|
| Chan Ngai Sang Kenny (陳毅生)                            | 312,000                                    |
| Guo Tianyong (郭田勇)                                    | 312,000                                    |
| Lee Kwan Hung (李均雄)                                   | 312,000                                    |

#### **4. Directors' remuneration**

For each of the three years ended December 31, 2007, 2008 and 2009 and the five months ended May 31, 2010, the aggregate of the remuneration paid and benefits in kind granted to the Directors by our Group were approximately RMB74,000, RMB409,000, RMB404,000 and RMB168,000. Further information in respect of the Directors' remuneration is set out in Appendix I to this prospectus.

Under the arrangements currently in force, the estimated amount of Directors' fees and other emoluments payable to the Directors for the year ending December 31, 2010 will be approximately RMB898,000.

#### **5. Related party transactions**

Our Group entered into certain related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 29 of the Accountants' Report set out in Appendix I to this prospectus.

#### **6. Agency fees or commissions received**

Save as disclosed in the section headed "History, Reorganization and Corporate Structure" in this prospectus, no commissions, discounts, brokerage or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any shares or loan capital of any member of our Group.

## 7. Disclaimers

Save as disclosed herein:

- (a) none of the Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 Hong Kong Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of the Directors or experts referred to under the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus in which a Director is materially interested and which is significant in relation to the business of our Group;
- (d) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors are aware of any person (not being a Director or the chief executive of our Company) who will, immediately following completion of the Global Offering and the Capitalization Issue, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (f) none of the experts referred to under the under the paragraph headed “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interest in our Group's five largest customers and five largest suppliers.

#### D. SHARE OPTION SCHEME

##### 1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme (the "**Scheme**") which was conditionally approved by a written resolution of the shareholders of our Company passed on November 16, 2010 (the "**Adoption Date**"):

For the purpose of this section, unless the context otherwise requires:

"**Date of Grant**" means date of grant of the Option in accordance with the Scheme;

"**Grantee**" means any Eligible Person (as defined below) who accepts an offer of grant of any Option in accordance with the terms of the Scheme of (where the context so permits) a person who is entitled, in accordance with the laws of succession, to any Option in consequence of the death of the original Grantee;

"**Option**" means a right to subscribe for Shares granted pursuant to the Scheme;

"**Option Period**" means the period of time where the Grantee may exercise the Option, which period shall not be more than 10 years from the Date of Grant;

"**Shares**" means shares of HK\$0.01 each in the capital of our Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of our Company from time to time);

##### (1) *Who may join*

The Directors may at their absolute discretion grant Options to all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to our Company or our Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to our Company or our Group and each of the persons mentioned above is referred to as an "**Eligible Person**".

(2) *Purpose of the Scheme*

The purpose of the Scheme is to provide person(s) and parties working for the interests of our Group with an opportunity to obtain an equity interest in our Company, thus linking their interests with the interests of our Group and thereby providing them with an incentive to work better for the interests of our Group.

(3) *Conditions*

The Scheme shall take effect subject to and is conditional upon:

- (i) the passing of the necessary resolution to approve and adopt the Scheme by our Shareholders in a general meeting;
- (ii) the Listing Committee granting approval of the Listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of Options granted under the Scheme;
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of that agreement or otherwise; and
- (iv) the commencement of dealings in the Shares on the Hong Kong Stock Exchange.

(4) *Duration and administration*

The Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary of the Adoption Date (the “**Scheme Period**”), after which period no further options shall be granted but the provisions of the Scheme shall remain in full force and effect in all other respects in respect of Options remaining outstanding and exercisable on the expiry of the Scheme Period.

The Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided in the Scheme) shall be final and binding on all parties.

(5) *Grant of Options*

An offer of the grant of an Option shall be made to an Eligible Person in writing in such form as the Board may from time to time determine specifying, *inter alia*, the maximum number of Shares in respect of which such offer is made and requiring the Eligible Person to undertake to hold the Option on the terms of which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Eligible Person to whom the offer is made for a period of 21 days (or such other period as the Board may determine) from the date upon which the offer is issued provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the Scheme has been terminated in accordance with the terms of the Scheme.

On and subject to the terms of the Scheme, the Board shall be entitled at any time during the Scheme Period to offer to grant an Option to any Eligible Person as the Board may at its absolute discretion select, and subject to such conditions and restrictions as the Board may think fit.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option, duly signed by the Eligible person, together with the remittance of HK\$1 in favor of our Company, irrespective of the number of Shares in respect of which the Option is accepted, as consideration for the grant is received by our Company.

The Date of Grant shall be the date on which the offer relating to such Option is duly approved by the Board in accordance with the Scheme.

(6) *Price sensitive information*

No offer to grant 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 pursuant to the requirements of the Listing Rules. In particular, no Options may be offered to be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified by our Company 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 under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the results announcement. Such period shall cover any period of delay in the publication of a results announcements. Any grant of Options to an Eligible Person who is a Director shall also be subject to the restrictions imposed by Code A 3(a) in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 to the Listing Rules) on dealings of our Company's securities by the Directors.

(7) *Grant of Options to connected persons*

Where a grant of Option(s) to a Connected Person of our Company under the Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option).

Where any Options granted to a Substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the number and value of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding Options which have lapsed) to such person in the 12-month period up to and including the date of such grant (i) exceeding in aggregate over 0.1% of the Shares in issue; and (ii) exceeding an aggregate value, (based on the closing price of the Shares on the Hong Kong Stock Exchange at the Date of Grant) in excess of HK\$5 million, such further grant of Options must be approved by the Shareholders by taking of a poll in a general meeting. Our Company must send a circular to the Shareholders. All Connected Persons of our Company must abstain from voting (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) at the general meeting. The circular must contain: (i) detail of the number and terms (including the Subscription Price (as defined below)) of the Options to be granted to each Eligible Person, which must be fixed before the general meeting concerned; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options) to the independent shareholders as to voting; and (iii) the information required under the relevant provisions of Chapter 17 of the Listing Rules.

(8) *Subscription price*

The subscription price in respect of any particular Option shall be such price as the Board may at its absolute discretion determine at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option (the "Subscription Price")), but in any case the Subscription Price must be at least the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the Date 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 (5) business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share. For the purpose of calculating the Subscription Price where our Company has been listed for less than five (5) business days, the Issue Price shall be used as the closing price of any business day falling within the period before Listing.



(9) *Rights are personal to Grantee*

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt to do so.

(10) *Exercise of Options*

Subject to any condition or restriction in connection with the exercise of the Option which may be imposed by the Board when granting the Option and other provisions of the Schemes the Option may be exercised by the Grantee (or his legal personal representative) at any time during the Option Period, provided that paragraph (11), (12) or (13) below has been satisfied.

(11) *Right on ceasing employment*

In the event that the Grantee ceases to be an employee of our Group due to resignation, retirement, expiry or termination of the Grantee's employment contract or for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph (18)(vii) below, the Grantee may exercise the Option up to his or her entitlement as calculated at the date of cessation (to the extent not already exercised) within the period of one (1) month following the date of such cessation. The date of cessation of employment shall be the last actual day on which the grantee was physically at work with our Company or the relevant subsidiary of our Company whether salary is paid in lieu of notice or not.

(12) *Rights on ceasing appointment*

In the event that the Grantee ceases to be a consultant or adviser of or to our Company or any of its subsidiaries (whether on an employment or contractual or honorary basis and whether paid or unpaid) on grounds other than one or more of those specified in paragraph (18)(viii) below, the Grantee may exercise the Option up to his or her entitlement as calculated at the date of cessation (to the extent not already exercised) within the period of one (1) month following the date of such cessation. The date of cessation shall be the day on which his or her appointment was terminated.

(13) *Rights on death*

In the event that the Grantee ceases to be an Eligible Person by reason of death and none of the events which would be grounds for termination of his or her employment or appointment under paragraph (18)(vii) or (18)(viii) arises (as the case may be), the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Options in full (to the extent not already exercised) up to the entitlement of such Grantee as at the date of death.

(14) *Rights on a compromise or amalgamation*

In the event of a compromise or amalgamation, other than a scheme of arrangement contemplated under the Scheme, between our Company and its members or creditors being proposed in connection with any scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his or her personal representatives) may, by notice in writing to our Company, accompanied by the remittance for the Subscription Price in respect of the relevant Option (such notice must be received by our Company not later than two Business Days prior to the proposed meeting), exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the relevant notice. Thereafter, our Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee, which falls to be issued on such exercise, credited as fully paid, and register the Grantee as holder thereof.

(15) *Rights on winding-up*

In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by us) exercise the Option either to its full extent or to the extent notified by us, and we shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(16) *Ranking of shares*

The Shares to be allotted and issued upon the exercise of an Option will be subject to the Articles of Association in force at that time including with respect to voting and transfer rights and rights arising on a liquidation of our Company and will rank *pari passu* in all respects with the fully paid Shares in issue as at the date of allotment and thereafter the holders thereof will be entitled to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

(17) *Performance target*

The Grantee will not be required to achieve, meet or exceed any performance targets before that particular Grantee can exercise the Option(s) granted, except those otherwise imposed by the Board pursuant to paragraph (5) above and/or stated in the offer of grant of the Option.

(18) *Lapse of options*

An Option shall lapse automatically (to the extent not already exercised) on the earliest of: (i) the expiry of the Option Period; (ii) the expiry of any of the periods referred to in paragraphs (11), (12), (13) and (15) above; (iii) subject to a court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer; (iv) subject to the scheme of arrangement becoming effective; (v) the date of commencement of the winding-up of our Company; (vi) the date when the proposed compromise or amalgamation becomes effective; (vii) the date on which the Grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his or her employment or other contract constituting him or her as an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become insolvent or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with our Company or the relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment or other relevant contract of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee; (viii) the date on which the Grantee ceases to be an Eligible Person by reason of the termination of his or her relationship (whether by appointment or otherwise) with our Company or its subsidiaries as a consultant or adviser on any one or more of the grounds that he or she has become unable to pay his or her debts or has become otherwise insolvent or has made any arrangement or composition with his or her creditors generally, or has been

convicted or any criminal offence involving his or her integrity or honesty or (if so determined by the Board) has committed any act which is prejudicial to or not in the interests of our Company or its subsidiaries. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the relationship with the Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee; or (ix) the date on which the Grantee has committed a breach or paragraph (9) above.

*(19) Maximum number of Shares available for subscription*

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other schemes of our Company must not exceed in aggregate 30 per cent of the Shares of our Company in issue from time to time (the “Overall Scheme Limit”). No Option may be granted under any schemes of our Company (or its subsidiaries) if such grant will result in the Overall Scheme Limit being exceeded. The total number of Shares which may be issued upon exercise of all Option to be granted under the Scheme and any other schemes must not in aggregate exceed 10 per cent of the Shares of our Company (or the subsidiary) in issue as at the Listing Date, being 117,000,000 Shares (the “**Scheme Mandate Limit**”) for this purpose. Option lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to the Overall Scheme Limit, our Company may seek approval from its shareholders in general meeting for refreshing the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all Options to be granted under all of the schemes of our Company under the limit as refreshed must not exceed 10 per cent of the Shares in issue as at the date of approval by the shareholders of the renewed limited (the “**Refreshed Scheme Mandate Limit**”); Option previously granted under any existing schemes (including those outstanding, cancelled or lapsed in accordance with the Scheme or exercised Options) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit. Our Company must send a circular to its shareholders containing the information required under the relevant provisions of Chapter 17 of the Listing Rules.

Subject to the Overall Scheme Limit, our Company may seek separate approval from its shareholders in a general meeting for granting Options to subscribe for Shares beyond the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit (as the case may be) provided that the Option in excess of the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought and our Company must send a circular to its shareholders containing the information specified in the relevant provisions of the Listing Rules. Unless approved by shareholders in general meeting at which the relevant Eligible Person and his/her associates abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Person (including

exercised, cancelled and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue (the “**Individual Limit**”) at such time. With respect to any further grant of Options to an Eligible Person exceeding in aggregate the Individual Limit, our Company must send a circular to its shareholders and the circular must disclose the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted to such Eligible Person), and the information required under the relevant provisions of Chapter 17 of the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Person must be fixed before the general meeting at which the same are approved, 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 Subscription Price.

(20) *Cancellation of Options*

Any cancellation of Options granted but not exercised must be approved by the Board. New Option may be issued to a Grantee in place of his or her cancelled Option only if there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit or such enlarged limit that may be approved by the shareholders of our Company in accordance with paragraph (19) above.

(21) *Reorganization of capital structure*

In the event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalization issue, rights issue, subdivision, consolidation, or reduction of the share capital of our Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price,

as an independent financial adviser or the auditors for the time being of our Company shall at the request of the Board certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of our Company as that to which the Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to Share Option Schemes and/or any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time), provided that no such alterations shall be made the effect of which would be to

enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors for the time being of our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees. The costs of the independent financial adviser or the auditors for the time being of our Company shall be borne by our Company.

*(22) Alteration of Scheme*

Except with the prior sanction of our Company in general meeting (with the Eligible Persons and their associates abstaining from voting), the Board may not amend:

- (i) any of the provisions of the Scheme relating to matters contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Persons or Grantees;
- (ii) any terms and conditions of the Scheme which are of a material nature or any terms of the Options granted except where such alterations take effect automatically under the existing terms of the Scheme;
- (iii) any provisions on the authority of the Board in relation to any alteration to the terms of the Scheme.

*(23) Termination of Scheme*

Our Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the Scheme Period and which remain unexpired immediately prior to the termination of the operation of the Scheme shall, subject to the terms of the Scheme, continue to be valid and exercisable thereafter.

**E. OTHER INFORMATION****1. Estate Duty**

The Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the PRC and other jurisdictions in which the companies comprising our Group are incorporated.

**2. Deed of Indemnity***(a) Indemnity on estate duty and taxation*

On November 17, 2010, the Controlling Shareholders (the “**Indemnifiers**”) entered into an deed of indemnity (which was subsequently superseded by an amended and restated deed of indemnity dated November 27, 2010 (the “**Deed of Indemnity**”)) with and in favor of our Company (for itself and as trustee for each of its subsidiaries). Each of the Indemnifiers has given joint and several indemnities in respect of, among other things, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional (the “**Effective Date**”).

The Deed of Indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed in respect of any taxation:

- (i) to the extent that provision, reserve or allowance has been made for such taxation in the audited combined accounts of our Group for each of the three years ended December 31, 2007, 2008 and 2009 and the five months ended May 31, 2010, as set out in Appendix I to this prospectus;
- (ii) to the extent that such taxation arises or is incurred as a result of any retrospective change in law or retrospective increase in tax rates coming into force after the Effective Date;
- (iii) falling on the any of the members of the Group in respect of any accounting period commencing on or after May 31, 2010 unless liability for such taxation would not have arisen but for any act or omission of, or transaction voluntarily effected by, any of the members of the Group or any Indemnifier, other than in the ordinary course of business and before the Effective Date; or
- (iv) to the extent of any provisions or reserve made for taxation in the audited accounts of our Group up to May 31, 2010, which is finally established to be an over-provision or an excessive reserve.



*(b) Other Indemnities*

- (i) Each of the Indemnifiers hereby covenants and undertakes to jointly and severally indemnify and keep indemnified each member of the Group against any potential costs, damages, liability, fines, expenses or losses of each member of the Group (including without limitation, disruption of business, relocation of premises) in respect of the non-registration of charges, pledges or the leases of certain properties of the Group as disclosed in the section headed “Risk Factors” in this prospectus.
- (ii) Each of the Indemnifiers hereby covenants and undertakes to jointly and severally indemnify and keep indemnified each member of the Group against any loss or liability suffered or to be suffered by any of the members of the Group in relation to any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or to be suffered or incurred or to be incurred by any of the members of the Group as a result of or in connection with any litigations, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any of the members of the Group in relation to any non-compliance of social insurance and housing fund laws and regulations as disclosed in the section headed “Risk Factors” in this prospectus.
- (iii) Each of the Indemnifiers hereby covenants and undertakes to jointly and severally indemnify and keep indemnified each member of the Group against any loss or liability suffered or to be suffered by any of the members of the Group in relation to any liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or to be suffered or incurred or to be incurred by any of the members of the Group as a result of or in connection with any action or claim (whether initiated in Hong Kong, PRC or elsewhere) in relation to the Proposed Subscription, including but not limited to the Unserved Writ as disclosed in the section headed “Risk Factors” in this prospectus.
- (iv) Each of the Indemnifiers hereby covenants and undertakes to jointly and severally indemnify and keep indemnified each member of the Group against any loss or liability suffered or to be suffered by any of the members of the Group in relation to any claims, events, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or to be suffered or incurred or to be incurred by any of the members of the Group as a result of or in connection with any litigations, arbitration, claims (including counter-claims), complaints, disputes, demands and/or legal proceedings instituted by or against any of the members of the Group in relation to event occurred on or before the Effective Date (including the event which has not yet discovered) and not disclosed in this prospectus.

### 3. Litigation

Saved as disclosed in the sections headed “Risk Factors” and “History, Reorganization and Corporate Structure” in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened by or against any member of our Group.

### 4. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for a Listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

### 5. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$107,411 and are payable by our Group.

### 6. Promoter

Our Company has no promoter for the purposes of the Listing Rules.

### 7. Qualifications of experts

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

| Name                                 | Qualification  |
|--------------------------------------|--|
| CCB International Capital Limited    | Licensed corporation under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO |
| Piper Jaffray Asia Limited           | Licensed corporation under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO |
| Ernst & Young                        | Certified Public Accountants   |
| Jun He Law Offices                   | PRC legal advisers   |
| Conyers Dill & Pearman               | Cayman Islands attorneys-at-law  |
| Stevensons Lawyers                   | Samoa legal advisers   |
| Yip, Arthur C.H.                     | Hong Kong Counsel  |
| Jones Lang LaSalle Sallmanns Limited | Professional property valuers  |

**8. Consents of experts**

Each of CCB International Capital Limited, Piper Jaffray Asia Limited, Ernst & Young, Jun He Law Offices, Conyers Dill & Pearman, Stevensons Lawyers, Yip, Arthur C.H. and Jones Lang LaSalle Sallmanns Limited has given and has not withdrawn its/his written consent to the issue of this prospectus with the inclusion of its/his report and/or letter and/or valuation certificate and/or the references to its/his name included herein in the form and context in which it is respectively included.

**9. Binding effect**

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

**10. Bilingual prospectus**

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

**11. Advisory fees or commissions received**

The Underwriters will receive an underwriting commission and additional fees and the Joint Sponsors will in addition receive a sponsor fee as referred to in the paragraph headed "Total Commission and expenses" under the section headed "Underwriting" in this prospectus.

**12. Miscellaneous**

(a) Save as disclosed in this prospectus:

- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of any member of our Group has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (ii) within the two years immediately preceding the date of this prospectus, no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) no founder, management or deferred shares of any member of our Group have been issued or agreed to be issued;
  - (iv) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of any member of our Group;
  - (v) within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in any member of our Group; and
  - (vi) our Group has no outstanding convertible debt securities or debentures.
- (b) No member of our Group is presently listed on any stock exchange or traded on any trading system.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into the CCASS for clearing and settlement.
- (d) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since May 31, 2010 (being the date to which the latest audited combined financial statements of our Group were made up).
- (e) The register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our Company's branch share registers in Hong Kong and may not be lodged in the Cayman Islands.