

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on November 24, 2010. We have established a principal place of business in Hong Kong at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong and were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on April 12, 2011. Ms. Lo Yee Har, Susan and Ms. Chu Man Yee have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our corporate structure and our Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and our Articles of Association is set out in the section headed "Summary of the Constitution of The Company and Cayman Islands Company Law" in Appendix V to this prospectus.

2. Changes in the Share Capital of Our Company

As of the date of our incorporation, our initial authorized share capital was HK\$250,000,000 divided into 2,500,000,000 Shares of HK\$0.10 each.

On June 12, 2011, our authorized share capital was increased from HK\$250,000,000 to HK\$500,000,000 by the creation of an additional 2,500,000,000 Shares.

Immediately following the completion of the Global Offering and the Capitalization Issue (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme and the Pre-IPO Share Option Scheme), the issued share capital of our Company will be HK\$80,000,000 divided into 800,000,000 Shares of HK\$0.10 each, all fully paid or credited as fully paid and 4,200,000,000 Shares of HK\$0.10 each will remain unissued.

Save for aforesaid and as mentioned in the paragraph headed "— Resolutions in Writing of the Sole Shareholder of Our Company Passed on June 10, 2011, June 12, 2011 and November 16, 2011" below, there has been no alteration in the share capital of the Company since its incorporation.

3. Resolutions in Writing of the Sole Shareholder of Our Company Passed on June 10, 2011, June 12, 2011 and November 16, 2011

- (i) Pursuant to written resolutions of the Shareholder of our Company passed on June 10, 2011, June 12, 2011 and November 16, 2011:
 - (a) the amended and restated Memorandum and Articles of Association were approved and adopted conditional upon and with effect from the Listing;
 - (b) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Global Offering

and the Capitalization Issue and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme and the Pre-IPO Share Option Scheme); (ii) the entering into of the Price Determination Agreement between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date; (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 was approved and our Directors were authorized to approve the allotment and issue of the Shares, as the case may be, pursuant to the Global Offering on and subject to the terms and conditions thereof as set out in this prospectus and the Application Forms to be published by the Company in accordance with the Listing Rules;
 - (ii) the granting of the Over-allotment Option by the Company to the International Underwriters, exercisable by the Sole Global Coordinator, on behalf of the International Underwriters, pursuant to which the Sole Global Coordinator may require the Company to allot and issue up to an additional 15% of the number of Shares (the “Over-allotment Shares”) under the Global Offering at the Offer Price to cover over-allocation was approved and the Directors were authorized to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” below, were approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
 - (iv) the rules of the Pre-IPO Share Option Scheme, the principal terms of which are set out in the paragraph headed “Pre-IPO Share Option Scheme” below were approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme; and
 - (v) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering (excluding the Over-allotment Option), our Directors were authorized to capitalize HK\$59,999,996.60 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 599,999,996 Shares. Such Shares to be allotted and issued to the Shareholders whose names are on the register of members of our Company on the date before the Listing Date in proportion to their shareholdings in our Company;
- (c) 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 and the Pre-IPO Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in 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 the completion of the Global Offering and Capitalization Issue (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme and the Pre-IPO Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or 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 until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

- (d) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the 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 the completion of the Global Offering and the Capitalization Issue (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme and the Pre-IPO Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or 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 until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and
- (e) the general unconditional mandate mentioned in paragraph (c) 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 (d) above.

4. Corporate Reorganization

The companies comprising the Group underwent the Reorganization in preparation for the Listing. Please refer to the section “History and Reorganization — Our Reorganization” in this prospectus.

5. Changes in the Share Capital of Subsidiaries

Certain information on our subsidiaries is contained in the Accountant’s Report in Appendix I to this prospectus.

There has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchases of Our Shares

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' approval*

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

Pursuant to the resolutions passed by our then Shareholder on June 10, 2011, June 12, 2011 and November 16, 2011, a general unconditional mandate (the "Repurchase Mandate") was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10.0% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme and the Pre-IPO Share Option Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any purchase by our Company may 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, subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Companies Law, out of capital.

(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 the Shareholders to enable the Directors 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 where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

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

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the 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 Company as compared with the position disclosed in this prospectus. 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 or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (and assuming that the Over-allotment Option is not exercised and no Share is issued pursuant to the exercise of any options which may be or has been (as the case may be) granted under the Share Option Scheme and the Pre-IPO Share Option Scheme), could accordingly result in up to 80,000,000 Shares being repurchased by our Company during the period prior to (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 Companies Law or the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first (the "Relevant Period").

(d) General

None of the 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.

The 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 and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (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, the 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.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25.0% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

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

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

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








- (a) an equity transfer agreement dated February 1, 2010 entered into between China Yihua and Longpower, pursuant to which China Yihua agreed to transfer its 100% equity interest in Fujian Rongchang to Longpower for a consideration of HK\$5,000;
- (b) a series A preferred shares subscription agreement dated February 5, 2010 entered into by and among Parent Company, China Yihua, Fujian Rongchang, Fujian Rongping, Fuzhou Yihua, Mr. Liem and Trophy Group, pursuant to which Trophy Group subscribed 30,008,352 series A preferred shares of Parent Company for an aggregate subscription price of US\$40,000,000;
- (c) an equity transfer agreement dated March 6, 2010 entered into between Fujian Rongping and Fujian Rongchang, pursuant to which Fujian Rongping agreed to transfer its 97.27% equity interest in Fuzhou Yihua to Fujian Rongchang for a consideration of RMB91,615,900;
- (d) an equity acquisition agreement dated May 14, 2010 entered into between Fujian Rongchang and Sun Champ, pursuant to which Fujian Rongchang agreed to transfer its 100% equity interest in Fujian Rongping to Sun Champ for a consideration of RMB102,000,000;
- (e) an instrument of transfer, a bought note and a sold note, all dated April 7, 2011 and entered into between Parent Company and Yihua Alpha, pursuant to which Parent Company agreed to transfer one ordinary share in the capital of Longpower, to Yihua Alpha at a consideration of RMB324,295,403;
- (f) an instrument of transfer, a bought note and a sold note, all dated April 7, 2011 and entered into between Parent Company and Yihua Beta, pursuant to which Parent Company agreed to transfer one ordinary share in the capital of Sun Champ, to Yihua Beta at a consideration of RMB141,658,406;
- (g) a deed of assignment dated June 14, 2011 entered into by and among Parent Company, our Company and Longpower, pursuant to which Parent Company assigned certain indebtedness in the aggregate amount of US\$32,293,294.77 to our Company, in consideration of the issue and allotment of one Share of HK\$0.10 each by our Company to Parent Company;
- (h) the deed of indemnity dated November 16, 2011 given by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries) in respect of, amongst others, taxation matters referred to in the paragraph headed “Tax and other indemnities” in this Appendix;

- (i) the deed of non-competition dated November 16, 2011 given by our Controlling Shareholders in favor of our Company as detailed in the paragraph headed “Relationship with Controlling Shareholders — Non-competition Undertakings” of this prospectus; and
- (j) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks:

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Expiry Date</u>
	Fujian Rongchang	PRC	1	230138	July 14, 2015
	Fujian Rongchang	PRC	1	1398093	May 20, 2020
	Fujian Rongchang	PRC	1	916131	December 20, 2016
	Fujian Rongchang	PRC	1	5901572	December 27, 2019
	Fuzhou Yihua	PRC	1	662384	October 20, 2013
	Fuzhou Yihua	PRC	1	1315032	September 20, 2019
(A)  (B) 	Company	Hong Kong	1, 35	301793133	December 19, 2020

(b) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

<u>Domain name</u>	<u>Name of Registered Proprietor</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
www.chinafirstchemical.com	Company	December 19, 2010	December 19, 2014

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

1. Disclosure of Interests

(a) *Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company and its associated corporations*

Immediately following completion of the Global Offering and the Capitalization Issue (without taking into account of any Shares that may be issued under the Over-allotment Option or the Share Option Scheme and the Pre-IPO Share Option Scheme), the interests or short positions of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to our Company and the Stock Exchange once the Shares are listed will be as follows:

(i) *Interest in Shares of our Company*

Name of Director	Nature of Interest	Number of Shares	Number of Shares	
			subject to Pre-IPO Share Option Scheme	Approximate percentage of shareholding interest
Mr. Liem	interest of a controlled corporation	419,949,888	—	52.49% ⁽¹⁾
Chen Hong	beneficial owner	—	4,000,000	0.5%
Miao Fei	beneficial owner	—	4,000,000	0.5%
Lam Wai Wah	beneficial owner	—	4,000,000 ⁽²⁾	0.5%
Chen Xiao	beneficial owner	—	800,000 ⁽²⁾	0.1%
Li Junfa	beneficial owner	—	400,000 ⁽²⁾	0.05%
Kou Huizhong	beneficial owner	—	400,000 ⁽²⁾	0.05%

Notes:

- (1) Mr. Liem is indirectly interested in our Company through Yihua Crown, which in turn is indirectly interested in our Company through Parent Company.
- (2) These are the share options granted by our Company under the Pre-IPO Share Option Scheme adopted pursuant to the written resolutions of the Shareholder dated June 10, 2011 and June 12, 2011.

(ii) Interest in associated corporation of our Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
Mr. Liem	Yihua Crown	beneficial owner	1	100%

(b) Interests and short positions of the Substantial Shareholders in the Shares and Underlying Shares of Our Company

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares that may be issued under the Over-allotment Option or the Share Option Scheme and the Pre-IPO Share Option Scheme), the following persons, (not being Directors or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name</u>	<u>Nature of Interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in our Company immediately following the completion of the Global Offering and the Capitalization Issue</u>
Yihua Crown	interest of a controlled corporation	419,949,888	52.49% ⁽¹⁾
Parent Company	beneficial owner	419,949,888	52.49%
China Renaissance Capital Investment II GP	interest of a controlled corporation	180,050,112	22.51% ⁽²⁾
China Renaissance Capital Investment II, L.P.	interest of a controlled corporation	180,050,112	22.51% ⁽³⁾
China Harvest Fund II, L.P.	interest of a controlled corporation	180,050,112	22.51% ⁽⁴⁾
Trophy Group	beneficial owner	180,050,112	22.51%

Notes:

- (1) Yihua Crown is indirectly interested in our Company through Parent Company.
- (2) China Renaissance Capital Investment II GP is the general partner of China Renaissance Capital Investment II, L.P. pursuant to a partnership agreement.
- (3) China Renaissance Capital Investment II, L.P. is the general partner of China Harvest Fund II, L.P.
- (4) China Harvest Fund II, L.P. is the sole shareholder of Trophy Group.

(c) *Interests of the Substantial Shareholders of Any Member of Our Group (Other than Our Company)*

Save as set out above, the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering and the Capitalization Issue be interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group (other than our Company) or any options in respect of such capital.

2. Particulars of Service Contracts

(a) *Executive Directors*

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the executive Director or our Company.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) *Non-executive Director and Independent Non-executive Directors*

Each of the non-executive Director and the independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the Listing Date. Under their respective appointment letters, each of the non-executive Director and the independent non-executive Directors is entitled to a fixed Director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

(c) *Others*

- (i) Save as disclosed above, none of the Directors has entered into any service contract 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).
- (ii) During the six months ended June 30, 2011, the aggregate of the remuneration payable to the Directors was approximately RMB1,250,000. Details of the Directors' remuneration are also set out in Note 21 of the Accountant's Report set out in Appendix I to this prospectus.
- (iii) Under the arrangements currently in force, the aggregate of the remuneration payable to the Directors for the year ending December 31, 2011 is estimated to be approximately RMB2,100,000.
- (iv) None of the Directors or any past Directors of any members of our Group has been paid any sum of money for the three years ended December 2008, 2009 and 2010 and the six months ended June 30, 2011 (i) as 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.

- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 2008, 2009 and 2010 and the six months ended June 30, 2011.
- (vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Competing Interest of Directors

Please refer to the section “Relationship with Our Controlling Shareholders” in this prospectus.

4. Fees or Commissions Received

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed under the section headed “— Other Information — Consents of Experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;
- (b) none of our Directors nor any of the parties listed in the section headed “— Other Information — Consents of Experts” below 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 our Directors nor any of the parties listed in the section headed “— Other Information — Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

- (d) save for the Underwriting Agreements, none of the parties listed in the section headed “— Other Information — Consents of Experts” below:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;
- (e) 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)); and
- (f) none of the Directors, their respective associates or Shareholders of our Company is interested in more than 5% of the issued share capital of our Company has any interests in the five largest suppliers.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the sole Shareholder of our Company passed on June 10, 2011 and June 12, 2011. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

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

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

(b) Who may join

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

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

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

(c) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), being 80,000,000 Shares, excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

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

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

(d) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date

of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

(e) Price of Shares

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

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

(f) Granting options to connected persons

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

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and

- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting by way of a poll at which all connected persons of our Company shall abstain from voting in favor of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

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

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

(g) Restrictions on the times of grant of Options

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

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules);
- (ii) the deadline for our Company to publish an announcement of results of the Company for (i) any year or half-year period in accordance with the Listing Rules; and (ii) any quarterly or any other interim period, where the Company has elected to publish such results (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be), and where the grant of options is to a Director;
- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(h) Rights are personal to grantee

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

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

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

(j) Performance target

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

(k) Rights on ceasing employment or death

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

- (i) by any reason other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph (r)(v) below, the grantee may exercise the option up to the entitlement of the grantee as of the date of cessation (to the extent not already exercised) within a period of three months from such cessation; or
- (ii) by reason of death, ill-health, injury or disability, his personal representative(s) may exercise the option within a period of 12 months from such cessation or death of such grantee, which date of cessation shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(l) Rights on dismissal

If the grantee of an Option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with

our group, or has been convicted of any criminal offense involving his integrity or honesty, his Option will lapse and not be exercisable after the date of termination of his employment.

(m) Rights on takeover

If a general or partial offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders during the option period of the relevant option, the grantee of an option notwithstanding any other terms on which the Options were granted, shall be entitled to exercise the Options (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time within such period as shall be notified by the Company.

(n) Rights on winding-up

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

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

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

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

(p) Ranking of Shares

No dividends shall be payable in relation to Shares that are the subject of options that have not been exercised. The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise. Shares issued on the exercise of an option shall not be entitled to any rights attaching to shares by reference to a record date preceding the date of allotment.

(q) Effect of alterations to capital

In the event of capitalization issue, rights issue, open offer, subdivision, consolidation of Shares or reduction of capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the exercise price as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes (the “Supplemental Guidance”). Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company (as interpreted in accordance with the Supplementary Guidance) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations. Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(r) Expiry of option

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;
- (iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with our Group on any one or more of the following grounds:
 - (1) that he has been guilty of serious misconduct;

- (2) that he has been convicted of any criminal offense involving his integrity or honesty or in relation to an employee of our Group;
 - (3) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or
 - (4) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (t) below.

(s) Alteration of the Share Option Scheme

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

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall remain in compliance with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(t) Cancellation of Options

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

(u) Termination of the Share Option Scheme

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

(v) Administration of the Board

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

(w) Condition of the Share Option Scheme

The Share Option Scheme is conditional on:

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

(x) Disclosure in annual and interim reports

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

(y) Present status of the Share Option Scheme

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

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 80,000,000 Shares in total.

E. PRE-IPO SHARE OPTION SCHEME**(a) Purpose and summary of terms**

The purpose of the Pre-IPO Share Option Scheme is to recognize the contribution of certain employees, executives or officers of the Group made or may have made to the growth of the Group and/or the listing of Shares on the Stock Exchange. The principal terms of the Pre-IPO Share Option Scheme, which were confirmed and approved by resolutions in writing of the sole Shareholder of our Company

passed on June 10, 2011 and June 12, 2011 are substantially the same as the terms of the Share Option Scheme of the Company except for the following principal terms:

- (i) no options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange; and
- (ii) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall not exceed 16,000,000 Shares, representing 2% of the total number of issued Shares immediately upon completion of the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in 16,000,000 Shares that may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme.

(b) Outstanding options

As of the date of this prospectus, options to subscribe for an aggregate of 16,000,000 Shares at an exercise price equivalent to the Offer Price have been conditionally granted by the Company under the Pre-IPO Share Option Scheme. A total of eight eligible participants have been granted options under the Pre-IPO Share Option Scheme and no further options will be granted under the Pre-IPO Share Option Scheme.

Below is a list of grantees under the Pre-IPO Share Option Scheme:

Grantee	Position	Address	Number of Shares subject to the option	Exercise price	Approximate percentage shareholding upon the exercise of the option (Note)
Chen Hong	executive Director, president and chief executive officer	Room 16-1, Building 1, Chang Fu Shi Jia, Fuma Road, Fuzhou City, Fujian Province, China	4,000,000	Offer Price	0.5%
Miao Fei	executive Director and vice president	Room 801, Building 1, Dongfang Garden, No. 18 Dongshui Road, Gulou District, Fuzhou City, Fujian Province, China	4,000,000	Offer Price	0.5%
Lam Wai Wah	executive Director and marketing director	6/F., Block A, Kwun Fung Mansion, Lei King Wan, Sai Wan Ho, Hong Kong	4,000,000	Offer Price	0.5%
Zhang Heng	chief financial officer	Room 1-138, Building 12, Guang Da Ming Zhu, No. 178 Bei Yuan Road, Chaoyang District, Beijing, China	1,600,000	Offer Price	0.2%
Tan Boon Chek . . .	finance director	1, Jalan Mutiara 3, Taman Mutiara, 81800 Ulu Tiram, Johor Bahru, Johor, Malaysia	800,000	Offer Price	0.1%
Chen Xiao	independent non-executive Director	20-1-602 Guyue Yuan, Area B, Tianxiu Garden, Tianxiu Road, Haidian District, Beijing, China	800,000	Offer Price	0.1%
Li Junfa	independent non-executive Director	705, Gao 2 Building, Tsinghua University, Haidian District, Beijing, China	400,000	Offer Price	0.05%
Kou Huizhong	independent non-executive Director	Room 201, Unit 1, Building 21, Shan Shui Ao Yuan, Bei Yuan No. 4 Road, Chaoyang District, Beijing, China	400,000	Offer Price	0.05%
				Total	2.0%

Note: The percentage shareholding represents the percentage immediately upon completion of the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme.

Save and except as set out above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

Assuming that the Over-allotment Option is not exercised, the shareholding structure of the Company immediately after completion of the Global Offering and Capitalization Issue but before and after the full exercise of all the options granted under the Pre-IPO Share Option Scheme will be as follows:

<u>Shareholders</u>	Shareholding structure immediately after completion of the Global Offering and Capitalization Issue but before the exercise of the options granted under the Pre-IPO Share Option Scheme		Shareholding structure immediately after completion of the Global Offering and Capitalization Issue and full exercise of the options granted under the Pre-IPO Share Option Scheme	
	Shares	%	Shares	%
Chen Hong	4,000,000	0.5	4,000,000	0.49
Miao Fei	4,000,000	0.5	4,000,000	0.49
Lam Wai Wah	4,000,000	0.5	4,000,000	0.49
Zhang Heng	1,600,000	0.2	1,600,000	0.19
Tan Boon Chek	800,000	0.1	800,000	0.10
Chen Xiao	800,000	0.1	800,000	0.10
Li Junfa	400,000	0.05	400,000	0.05
Kou Huizhong	400,000	0.05	400,000	0.05
Total	16,000,000	2	16,000,000	1.96

The Company will not permit the conversion of any options granted under the Pre-IPO Share Option Scheme if as a result of the conversion the Company would not be able to comply with the minimum public float requirement of the Listing Rules.

Valuation of the options granted under the Pre-IPO Share Option Scheme

The valuation of options to be granted under the Pre-IPO Share Option Scheme was conducted based on the Binomial Model with the following assumptions:

Date of grant	November 22, 2011
Estimated share price at the date of grant	HK\$3.25
Exercise price per share	HK\$3.25
Annual risk free rate	0.35%
Expected volatility	35.19% per year
Life of the option	3 years
Expected dividend yield	0%
	Fair value per share of option
<u>Vesting period</u>	
One year after the grant date	HK\$0.7963
Two year after the grant date	HK\$0.7965
Three year after the grant date	HK\$0.7975

The result of the Binomial Model can be materially affected by changes in the aforesaid assumptions so an option's actual value may differ from the estimated fair value of the options due to limitations of the Binomial Model.

All the options forfeited before expiry of the Pre-IPO Share Option Scheme will be treated as lapsed options which will not be added back to the number of Shares available to be issued under the Pre-IPO Share Option Scheme. The options granted under the Pre-IPO Share Option Scheme are only exercisable one year after the Listing Date.

Effect on the earnings per Share as a result of the Pre-IPO Share Options

Assuming that all the options granted under the Pre-IPO Share Option Scheme had been exercised in full during the year ending December 31, 2011 and that 816,000,000 Shares, comprising 800,000,000 Shares to be in issue immediately after the Capitalization Issue and the Global Offering and 16,000,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Share Option Scheme, were deemed to have been in issue throughout the year ending December 31, 2011, but not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, this would have a negligible dilutive effect on the forecast basic earnings per Share.

(iii) Summary of the main terms of the Pre-IPO Share Option Scheme

(a) Purpose

The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) have or may have made to the Group. The Pre-IPO Share Option Scheme is conditional upon the listing of the Shares on the Stock Exchange. The Pre-IPO Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with a view to achieving the following objectives:

- (1) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (2) attract and retain or otherwise maintain relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

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

- (1) any full-time or part-time employees or potential employees, executives or officers of the Company or any of its subsidiaries; and
- (2) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries.

(c) *Maximum number of Shares*

The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 16,000,000 Shares.

(d) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Pre-IPO Share Option Scheme shall be equivalent to the Offer Price. HK\$1.00 is payable by the grantee to the Company on acceptance of the options granted under the Pre-IPO Share Option Scheme.

(e) *Rights are personal to grantee*

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

(f) *Time of exercise of option and duration of the Pre-IPO Share Option Scheme*

The grantees to whom an option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise his/her option in the following manner:

- (a) up to 30% of the Shares that are subject to the option so granted to him/her at any time during the period commencing from the Listing Date and ending on the expiry of one year thereafter;
- (b) up to 60% of the Shares that are subject to the option so granted to him/her but less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the Listing Date and ending on the expiry of two years thereafter; and
- (c) the remaining Shares that are subject to the option so granted to him/her but less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the Listing Date and ending on the expiry of three years thereafter.

(g) *Ranking of Shares*

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

they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(h) Effect of alterations to capital

In the event of capitalization issue, rights issue, open offer, subdivision, consolidation of Shares or reduction of capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the exercise price as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes (the “Supplemental Guidance”). Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company (as interpreted in accordance with the Supplemental Guidance) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations. Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(i) Expiry of option

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

- (1) the date of expiry of the option as may be determined by the Board;
- (2) the date of commencement of the winding-up of the Company in accordance with the Companies Act;
- (3) the date on which the grantee ceases to be an Eligible Participant for any reason. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (4) the date on which the Board shall exercise the Company’s right to cancel the option in accordance with paragraph (k) below.

(j) Alteration of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme may be altered in any respect by resolution of the Board except that any material alteration to the terms and conditions of the Pre-IPO Share

Option Scheme or any change to the terms of options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Pre-IPO Share Option Scheme.

(k) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options.

(l) Termination of the Pre-IPO Share Option Scheme

The Company may by resolution in general meeting or the Board at any time terminate the Pre-IPO Share Option Scheme and in such event no further option shall be offered but the provisions of the Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

(m) Administration of the Board

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

(n) Disclosure in annual and interim reports

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

F. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholder has entered into the Deed of Indemnity with and in favor of each member of our Company (being the contract referred to in paragraph (j) of the section headed “— Further Information About Our Business — Summary of Material Contracts” above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains

earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

2. Litigation

Save as disclosed in this prospectus, as of the Latest Practicable Date, we were not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme and the Pre-IPO Share Option Scheme).

4. Preliminary Expenses

The preliminary expenses of our Company are estimated to be approximately HK\$210,000 and are payable by our Company.

5. Promoter

The Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

6. Qualification of Experts

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

Name	Qualifications
Morgan Stanley	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on future contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities under the SFO, acting as the Sole Sponsor of the Global Offering
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
Jones Lang LaSalle Sallmanns Limited	Property valuer
Frost & Sullivan	Industry consultant
Zhong Lun Law Firm	PRC legal advisors
Maples and Calder	Cayman Islands legal advisors

7. Consents of Experts

Each of Morgan Stanley, PricewaterhouseCoopers, Jones Lang LaSalle Sallmanns Limited, Frost & Sullivan, Zhong Lun Law Firm, and Maples and Calder has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this prospectus the form and context in which it is respectively included.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, 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 insofar as applicable.

9. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2011 (being the date to which the latest audited consolidated financial statements of the Group were prepared); and
 - (ii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.
- (c) The principal register of members of our Company will be maintained in the Cayman Islands by Maples Fund Services (Cayman) Limited and a branch register of members of our Company will

be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

- (d) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (f) The Directors have been advised that, under the Companies Law, the use of a Chinese name by the Company for identification purposes only does not contravene the Companies Law.
- (g) The English 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 from Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Bilingual prospectus

The English 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 from Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).