

## 1. FURTHER INFORMATION ABOUT OUR COMPANY

### A. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 June 2008. At the time of incorporation, the name of our Company was “SPT Energy, Inc.” The name of our Company was changed to our current name on 18 November 2010. Our Company has established a place of business in Hong Kong at 33/F, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance on 18 July 2011, with Mr. Wang Guoqiang and Ms. Mok Ming Wai appointed as our authorised representatives on 1 December 2011 for the acceptance of the service of process and any notices on behalf of our Company required to be served on our Company in Hong Kong. As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and to its constitution which comprises our Memorandum and Articles of Association. A summary of relevant sections of our Memorandum and Articles of Association and relevant aspects of the Companies Law is set out in Appendix V to this prospectus.

### B. Changes in share capital in our Company

- (1) On 12 June 2008, our Company was incorporated with an authorised share capital of US\$50,000 divided into 500,000,000 Shares and one Share was issued to Offshore Incorporations (Cayman) Limited as the subscriber’s share. On the same date, Offshore Incorporations (Cayman) limited transferred one Share to Mr. Wang for a consideration of US\$0.0001 and our Company issued and allotted one Share to Mr. Wu for a consideration of US\$0.0001.
- (2) On 3 September 2008, our Company issued and allotted 50 additional Shares to Mr. Wang for a consideration of US\$0.005; and 48 additional Shares to Mr. Wu for a consideration of US\$0.0048.
- (3) On 22 November 2008, Mr. Wang transferred 51 Shares, representing his then entire shareholding in our Company, to Truepath Limited for a consideration of US\$0.0051; and Mr. Wu transferred 49 Shares, representing his then entire shareholding in our Company, to Widescope Holdings Limited for a consideration of US\$0.0049.
- (4) On 22 November 2008, our Company issued and allotted 48,279,549 additional Shares to Truepath Limited for a consideration of US\$4,827.9549; 14,917,551 additional Shares to Widescope Holdings Limited for a consideration of US\$1,491.7551; 5,557,800 Shares to Windsorland Limited for a consideration of US\$555.78; 11,420,000 Shares to Jumbo Wind Limited for a consideration of US\$1,142; and 3,825,000 Shares to Skycharm Limited for a consideration of US\$382.5, respectively.
- (5) On 29 January 2009, our Company issued and allotted 16,000,000 Shares to True Harmony Limited for a consideration of US\$1,600.
- (6) On 1 December 2010, Truepath Limited transferred 578,400 Shares to Widescope Holdings Limited for a consideration of US\$57.84.
- (7) On 1 December 2010, Windsorland Limited transferred 316,200 Shares to Widescope Holdings Limited for a consideration of US\$31.62.
- (8) On 1 December 2010, Jumbo Wind Limited transferred 620,000 Shares to Widescope Holdings Limited for a consideration of US\$62.
- (9) On 1 December 2010, Widescope Holdings Limited transferred 220,000 Shares to True Harmony Limited for a consideration of US\$22; 1,125,000 Shares to Skycharm Limited for a consideration of US\$112.5; and 1,500,000 Shares to Heroic Time Investment Limited for a consideration of US\$150, respectively.
- (10) On 6 January 2011, True Harmony Limited transferred 1,000,000 Shares to Truepath Limited for a consideration of US\$100.

- (11) On 1 December 2011, our Company increased and revised its authorised share capital to US\$200,000 divided into 2,000,000,000 Shares with a par value of US\$0.0001 each.
- (12) Conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise an amount of US\$90,000 from the amount standing to the credit of the share premium account of our Company and that the said sum be applied in paying up in full at par 900,000,000 Shares, such Shares to be allotted and issued, credited as fully paid at par to the following shareholders of our Company appearing on the register of members of our Company at the close of business on 1 December 2011, pro-rata to their then shareholdings (or as nearly as possible without involving fractions) in our Company:

<u>Name of Shareholder</u>	<u>Number of Shares to be allotted and issued pursuant to the Capitalisation Issue</u>
Widescope Holdings Limited	122,284,800
True Harmony	136,980,000
Truepath Limited	438,310,800
Jumbo Wind Limited	97,200,000
Windsorland Limited	47,174,400
Skycharm Limited	44,550,000
Heroic Time Investments Limited	13,500,000

- (13) Assuming that the Global Offering becomes unconditional, immediately upon completion of the Global Offering (but not taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), 1,335,000,000 Shares will be issued fully paid or credited as fully paid.
- (14) In the event that the Over-allotment Option is exercised in full, 1,385,250,000 Shares will be issued fully paid or credited as fully paid.
- (15) Other than pursuant to the Global Offering or any options which may be granted under the Share Option Scheme, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (16) Save as aforesaid and as disclosed in the paragraph headed “Written Resolutions passed by our Shareholders”, there has been no alteration in the share capital of our Company since the date of its incorporation.

### C. Written Resolutions passed by our Shareholders

On 1 December 2011, written resolutions of our Shareholders were passed pursuant to which, amongst other things:

- (1) our Company approved and adopted its amended and restated Memorandum and Articles of Association with effect from 1 December 2011 in substitution for and to the exclusion of the existing Memorandum and Articles of Association conditional upon the listing of the shares on the Stock Exchange;
- (2) conditional on the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and our Shares to be issued pursuant to the Capitalisation Issue and the Offer Shares as mentioned in this prospectus (including any Shares that may be issued pursuant to the exercise of the Over-allotment Option), and any shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme; the entering into, execution and delivery of the International Underwriting Agreement and the Price Determination Agreement on or around the Price Determination Date and the obligations of the Underwriters under each of the Underwriting Agreements having become unconditional and not having been terminated in accordance with their respective terms or otherwise:
  - (a) the maximum number of Shares authorised to be issued was increased from 500,000,000 to 2,000,000,000 Shares;

- (b) 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, our Directors were authorised to capitalise an amount of US\$90,000 from the amount standing to the credit of the share premium account of our Company and that the said sum be applied in paying up in full at par 900,000,000 Shares, such Shares to be allotted and issued, credited as fully paid at par to the following shareholders of our Company appearing on the register of members of our Company the close of business on 1 December 2011, pro-rata to their then shareholdings (or as nearly as possible without involving fractions) in our Company:

<u>Name of Shareholder</u>	<u>Number of Shares to be allotted and issued pursuant to the Capitalisation Issue</u>
Widescope Holdings Limited .....	122,284,800
True Harmony .....	136,980,000
Truepath Limited .....	438,310,800
Jumbo Wind Limited .....	97,200,000
Windsorland Limited .....	47,174,400
Skycharm Limited .....	44,550,000
Heroic Time Investments Limited .....	13,500,000

- (c) the Global Offering (including the Over-allotment Option) was approved and our Directors were authorised to allot and issue up to 385,250,000 Shares pursuant to the terms as set out in this prospectus; and
- (d) the rules of the Share Option Scheme were approved and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder, to modify or amend the Share Option Scheme as may be required by the Hong Kong Stock Exchange and which they deem necessary and/or desirable and to allot, issue and deal with Shares pursuant to the exercise of subscription rights under any options which may be granted under the Share Option Scheme and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;
- (3) a general unconditional mandate was given to our Directors to exercise all the powers of our Company 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 by way of 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 of Association or pursuant to the issue of shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options which may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Company and/or any of its subsidiaries or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, such mandate is limited to Shares with a total nominal value not exceeding the sum of (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding Shares which may be issued upon exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme); and (ii) the aggregate nominal value of the share capital of our Company which may be repurchased by our Company under the authority referred to in (4) below, such mandate to remain in effect until whichever is the earliest of:
- 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 our Articles of Association or any applicable laws to be held; or
  - the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (4) 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 stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Hong Kong Stock

Exchange for this purpose (the “Repurchase Mandate”), such number of Shares with a total nominal value 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 (excluding Shares which may be issued upon exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
  - (b) the expiration of the period within which the next annual general meeting of our Company is required by our Articles of Association or any applicable laws to be held; or
  - (c) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate; and
- (5) the general unconditional mandate mentioned in paragraph (3) 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 (4) above provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding Shares which may be issued upon exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme).

## 2. CORPORATE REORGANISATION

For information with regard to our corporate reorganisation, please refer to the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group Structure” in this prospectus.

## 3. SUBSIDIARIES

The following alterations in the share capital of our Company’s subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

### (1) PRC subsidiaries

- *SPT Bazhou*

On 9 August 2010, SPT Beijing and Wu Ling, an Independent Third Party, established SPT Bazhou, a limited liability company in Xinjiang, with a registered capital of RMB5,000,000.

On 20 October 2011, the registered capital of SPT Bazhou was increased from RMB5,000,000 to RMB10,000,000 with the subscription of the additional equity interest by SPT Beijing for consideration of RMB5,000,000. As a result, the equity interest of SPT Bazhou was owned as to 82.5% by SPT Beijing and 17.5% by Wu Ling.

On 22 November 2011, Wu Ling transferred her entire equity interests in SPT Bazhou to PSE Beijing for a consideration of RMB1,750,000. As a result, SPT Bazhou was owned as to 82.5% by SPT Beijing and 17.5% by PSE Beijing.

- *SPT Beijing*

On 26 August 2010, the registered capital of SPT Beijing was increased from RMB2,000,000 to RMB10,000,000 with the subscription of the additional equity interest by Mr. Wang for a consideration of RMB4,363,200 and by Mr. Wu for a consideration of RMB3,636,800. As a result, the equity interest of SPT Beijing was owned as to 54.54% by Mr. Wang and 45.46% by Mr. Wu.

On 14 February 2011, Mr. Wang transferred 51.81% of his equity interest in SPT Beijing to POT Langfang for a consideration of RMB8,438,397.84 and Mr. Wu transferred 43.19% of his equity interest in SPT Beijing to POT Langfang for a consideration of RMB7,034,441.28. As a result, SPT Beijing was owned as to 95% by POT Langfang, 2.73% by Mr. Wang and 2.27% by Mr. Wu.

- *DW Beijing*

On 25 September 2010, Duwell HK established DW Beijing, a limited liability company with a registered capital of RMB10,000,000.

- *POT Langfang*

On 6 January 2011, PPS transferred its entire equity interest in POT Langfang to SPT HK for a consideration of US\$1,000,000.

- *NROT Tianjin*

On 14 February 2011, PPS transferred 30% of its equity interest in NROT Tianjin to SPT HK for a consideration of US\$736,236.04. As a result, NROT Tianjin was owned as to 30% by SPT HK and 70% by PSE Beijing.

- *PSE Beijing*

On 14 February 2011, Mr. Wang transferred 51.815% of his equity interest in PSE Beijing to POT Langfang for a consideration of RMB77,758,137.48 and Mr. Wu transferred 43.185% of his equity interest in PSE Beijing to POT Langfang for a consideration of RMB64,807,201.91. As a result, PSE Beijing was owned as to 95% by POT Langfang, 2.73% by Mr. Wang and 2.27% by Mr. Wu.

**(2) *Kazakhstan subsidiaries***

- *OS Technology*

On 5 January 2010, OS Technology was incorporated in Kazakhstan with limited liability and OS Netherlands was its sole shareholder.

- *CNEC*

On 3 December 2010, CNEC BVI transferred its entire shareholding in CNEC to CNEC Netherlands for a consideration of US\$100.

- *FD Services*

On 3 December 2010, Mr. Wu transferred his entire shareholding in FD Services to FD Netherlands for a consideration of US\$100.

- *M-Tech*

On 3 December 2010, Mr. Wang transferred his entire shareholding in M-Tech to M-Tech Netherlands for a consideration of US\$100.

- *MGD Services*

On 19 January 2011, MGD Services was incorporated in Kazakhstan with limited liability and SPT Netherlands was its sole shareholder.

- *HY Technology*

On 24 January 2011, HY Technology was incorporated in Kazakhstan with limited liability and HY Netherlands was its sole shareholder.

- *Dowell Kazakhstan*

On 14 January 2011, Mr. Tan Zhiwu, an Independent Third Party, transferred 100% participatory interest in Dowell Kazakhstan to Dowell Netherlands for a consideration of US\$100.

**(3) *Canadian subsidiaries***

- *PPS*

On 20 December 2010, Mr. Wang, Mr. Wu and Mr. Zhao transferred their respective interests in PPS to NAH Netherlands for an aggregate consideration of US\$1,000,000.

- *Enecal*

On 20 December 2010, Mr. Wang, Mr. Wu and Mr. Zhao transferred their respective interests in Enecal to NAH Netherlands for an aggregate consideration of US\$500,000.

**(4) Hong Kong subsidiary**

- *Duwell HK*

On 11 February 2010, Duwell HK was incorporated in Hong Kong as a holding company and owned by SPT HK as to 70% and Constant Way Limited as to 30%.

- *SPT Development*

On 14 January 2010, SPT Development was incorporated in Hong Kong and our Company was its sole shareholder.

**(5) Dutch subsidiaries**

- *NE TKM Netherlands*

On 10 February 2010, NE TKM Netherlands issued and allotted 122,000 shares to SPT Luxembourg for a consideration of EUR122,000.

- *SPT TKM Netherlands*

On 10 February 2010, SPT TKM Netherlands issued and allotted 122,000 shares to SPT Luxembourg for a consideration of EUR122,000.

- *Dowell Netherlands*

On 20 September 2010, Dowell Netherlands was incorporated in Netherlands with limited liability and Duwell Luxembourg was its sole shareholder.

- *NAH Netherlands*

On 17 December 2010, NAH Netherlands was incorporated in Netherlands with limited liability and SPT Luxembourg was its sole shareholder.

**(6) Luxembourg subsidiary**

- *Duwell Luxembourg*

On 14 June 2010, Duwell Luxembourg was incorporated in Luxembourg with limited liability and Duwell HK was its sole shareholder.

**(7) Singapore subsidiary**

- *Enecal PTE*

On 26 April 2010, Enecal PTE issued 300,000 ordinary shares to SPT HK for a consideration of S\$300,000.

On 5 January 2011, Enecal PTE further issued 300,000 ordinary shares to SPT HK for a consideration of S\$50,000.

**(8) Turkmenistan subsidiary**

- *NE TKM*

On 20 September 2010, NE TKM was incorporated in Turkmenistan and was owned by NE TKM Netherlands as to 51% and SPT Netherlands as to 49%.

**(9) Uzbekistan subsidiary**

- *DFW*

On 28 August 2009, DFW was incorporated in Uzbekistan with limited liability and SPT Netherlands was its sole shareholder.

Save as aforesaid, there has been no alteration in the share capital of the our subsidiaries within the two years preceding the date of this prospectus.

**4. Particulars of the PRC subsidiaries of Our Group**

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

**(a) SPT BEIJING**

Date of Establishment	: 25 December 1998
Nature	: Limited liability company
Registered Capital	: RMB10,000,000
Shareholders	: Mr. Wu (2.27%) Mr. Wang (2.73%) POT LangFang (95%)

**(b) PSE BEIJING**

Date of Establishment	: 14 January 2000
Nature	: Limited liability company
Registered Capital	: RMB10,000,000
Shareholders	: Mr. Wu (2.27%) Mr. Wang (2.73%) POT Langfang (95%)

**(c) POT LANGFANG**

Date of Establishment	: 29 August 2001
Nature	: Limited liability company (wholly foreign-owned enterprise)
Registered Capital	: US\$1,000,000
Shareholder	: SPT HK

**(d) SET BEIJING**

Date of Establishment	: 11 January 2006
Nature	: Limited liability company
Registered Capital	: RMB15,600,000
Shareholders	: Mr. Wu (2.3%) Mr. Wang (2.7%) PSE Beijing (95%)



(e) **NROT TIANJIN**

Date of Establishment	: 2 March 2006
Nature	: Limited liability company (sino-foreign cooperative enterprise)
Registered Capital	: US\$1,000,000
Shareholders	: SPT HK (30%) PSE Beijing (70%)

(f) **SPT XINJIANG**

Date of Establishment	: 13 November 2006
Nature	: Limited liability company
Registered Capital	: RMB43,220,000
Shareholders	: PSE Beijing (32.97%) SPT Beijing (67.03%)

(g) **SPT BAZHOU**

Date of Establishment	: 9 August 2010
Nature	: Limited liability company
Registered Capital	: RMB10,000,000
Shareholders	: SPT Beijing (82.5%) PSE Beijing (17.5%)

(h) **DW BEIJING**

Date of Establishment	: 25 September 2010
Nature	: Limited liability company (wholly foreign-owned enterprise)
Registered Capital	: RMB10,000,000
Shareholder	: Duwell HK

**5. REPURCHASE BY OUR COMPANY OF ITS OWN SECURITIES**

This section includes the information required by the Hong Kong Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

**(A) Regulations of the Listing Rules**

The Listing Rules permit companies whose primary listing is 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 summarised below:

**(1) Shareholders' approval**

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

**(2) Source of funds**

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.



**(3) Trading restrictions**

A company is authorised to repurchase on the Hong Kong Stock Exchange or on any other stock exchange recognised by the SFC and the Hong Kong Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in our Company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities (except pursuant to the exercise of share options or similar instruments requiring our Company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, all securities repurchased on the Hong Kong Stock Exchange in any given calendar month are limited to a maximum of 25% of the trading volume of such securities as stated in the Hong Kong Stock Exchange daily quotation sheets in the immediately preceding calendar month. A company is also prohibited from making securities repurchases on the Hong Kong Stock Exchange if the result of the repurchases would be that the number of the listed securities in public hands would fall below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange, which is currently 25% in the case of our Company.

**(4) Status of repurchased securities**

The listing of all repurchased securities (whether on the Hong Kong Stock Exchange or otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of our Company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of our Company will not be reduced.

**(5) Suspension of repurchase**

Any securities repurchase programme is required to be suspended after a price-sensitive development has occurred or has been the subject of our Directors' decision until the price-sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of our Company's interim report, a company may not purchase its securities on the Hong Kong Stock Exchange unless the circumstances are exceptional. In addition, the Hong Kong Stock Exchange may prohibit repurchases of securities on the Hong Kong Stock Exchange if a company has breached the Listing Rules.

**(6) Reporting requirements**

Repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange in the prescribed form not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a repurchase of shares. In addition, a company's annual report and accounts are required to disclose details regarding securities repurchases made during the financial year under review, including the number of securities repurchased each month (whether on the Hong Kong Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the aggregate prices paid. The Directors' report is also required to include reference to the purchases made during the year and the Directors' reasons for making such purchases. Our Company shall make arrangements with its broker who effects the purchase to provide to our Company in a timely fashion the necessary information in relation to the purchase made on behalf of our Company to enable our Company to report to the Hong Kong Stock Exchange.

**(7) Connected parties**

A company is prohibited from knowingly purchasing shares on the Hong Kong Stock Exchange from a connected person (as defined under the Listing Rules), and a connected person shall not knowingly sell his shares to our Company on the Hong Kong Stock Exchange.

As at the Latest Practicable Date and to the best of the knowledge of our Directors having made all reasonable enquiries, none of the Our Directors or their respective associates has a present intention to sell Shares to our Company.

### **(B) Exercise of the Repurchase Mandate**

Exercise in full of the Repurchase Mandate, on the basis of 1,335,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme, would result in up to 135,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

- (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 of Association and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of our Shareholders in general meeting.

### **(C) Reasons for repurchases**

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

### **(D) Funding of repurchases**

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of the Cayman Islands. Our Company may not repurchase 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 Hong Kong Stock Exchange from time to time.

### **(E) General**

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

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

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

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of our Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

## 6. FURTHER INFORMATION ABOUT OUR BUSINESS

### (A) Summary of material contracts

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

- (1) an investment cum shareholders agreement dated 5 March 2010 entered into among SPT HK, Creative Access Limited, Wide Ease Limited, Sky Elect Limited and Enecal PTE, pursuant to which (a) SPT HK subscribed for and Enecal PTE issued to SPT HK 300,000 new ordinary shares of Enecal PTE at the subscription price of S\$300,000; and (b) Creative Access Limited, Wide Ease Limited and Sky Elect Limited converted their then existing ordinary shares held in Enecal PTE into preference shares of Enecal PTE at the conversion ratio of one (1) ordinary share of Enecal PTE to one (1) preference share of Enecal PTE;
- (2) a sale and purchase agreement dated 4 October 2010 entered into between Mr. Wu as seller and FD Netherlands as purchaser, pursuant to which Mr. Wu transferred his 100% participatory interest in the charter capital and assets of FD Services to FD Netherlands for a consideration of US\$100;
- (3) a sale and purchase agreement dated 4 October 2010 entered into between Mr. Wang as seller and M-Tech Netherlands as purchaser, pursuant to which Mr. Wang transferred his 100% participatory interest in the charter capital and assets of M-Tech to M-Tech Netherlands for a consideration of US\$100;
- (4) a sale and purchase agreement dated 4 October 2010 entered into between CNEC BVI as seller and CNEC Netherlands as purchaser, pursuant to which CNEC BVI transferred its 100% participatory interest in the charter capital and assets of CNEC to CNEC Netherlands for a consideration of US\$100;
- (5) a sale and purchase agreement dated 20 December 2010 entered into between Mr. Zhao as vendor and NAH Netherlands as purchaser, pursuant to which Mr. Zhao transferred 20% of class A shares in the issued share capital of Enecal, representing his entire equity interest in Enecal, to NAH Netherlands for a consideration of US\$100,000;
- (6) a sale and purchase agreement dated 20 December 2010 entered into between Mr. Wu as vendor and NAH Netherlands as purchaser, pursuant to which Mr. Wu transferred 39.2% of class A shares in the issued share capital of Enecal, representing his entire equity interest in Enecal, to NAH Netherlands for a consideration of US\$196,000;
- (7) a sale and purchase agreement dated 20 December 2010 entered into between Mr. Wang as vendor and NAH Netherlands as purchaser, pursuant to which Mr. Wang transferred 40.8% of class A shares in the issued share capital of Enecal, representing his entire equity interest in Enecal, to NAH Netherlands for a consideration of US\$204,000;
- (8) a sale and purchase agreement dated 20 December 2010 entered into between Mr. Zhao as vendor and NAH Netherlands as purchaser, pursuant to which Mr. Zhao transferred 20% of class A shares in the issued share capital of PPS, representing his entire equity interest in PPS, to NAH Netherlands for a consideration of US\$200,000;
- (9) a sale and purchase agreement dated 20 December 2010 entered into between Mr. Wu as vendor and NAH Netherlands as purchaser, pursuant to which Mr. Wu transferred 39.2% of class A shares in the issued share capital of PPS, representing his entire equity interest in PPS, to NAH Netherlands for a consideration of US\$392,000;
- (10) a sale and purchase agreement dated 20 December 2010 entered into between Mr. Wang as vendor and NAH Netherlands as purchaser, pursuant to which Mr. Wang transferred 40.8% of class A shares in the issued share capital of PPS, representing his entire equity interest in PPS, to NAH Netherlands for a consideration of US\$408,000;
- (11) an investment cum shareholders agreement dated 20 December 2010 entered into among SPT HK, Creative Access Limited, Wide Ease Limited, Sky Elect Limited, Well Rejoice Limited and Enecal PTE, pursuant to which (a) SPT HK subscribed for and Enecal PTE issued to SPT HK 300,000 new


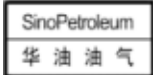
- ordinary shares of Enecal PTE at the subscription price of S\$50,000; and (b) each of Creative Access Limited, Wide Ease Limited, Sky Elect Limited and Well Rejoice Limited subscribed for and Enecal PTE issued to each of Creative Access Limited, Wide Ease Limited, Sky Elect Limited and Well Rejoice Limited 50,000 new preference shares of Enecal PTE each at subscription price of S\$1,000,000;
- (12) an equity transfer agreement dated 22 December 2010 entered into between PPS as transferor and SPT HK as transferee, pursuant to which PPS transferred 30% equity interest in NROT Tianjin to SPT HK for a consideration of US\$736,236.04;
  - (13) an equity transfer agreement dated 22 December 2010 entered into between PPS as transferor and SPT HK as transferee, pursuant to which PPS transferred its entire 100% equity interest in POT Langfang to SPT HK for a consideration of US\$1,000,000;
  - (14) a sale and purchase agreement dated 14 January 2011 entered into between Mr. Tan Zhiwu as seller and Dowell Netherlands as purchaser, pursuant to which Mr. Tan Zhiwu transferred his 100% participatory interest in the charter capital and assets of Dowell Kazakhstan to Dowell Netherlands for a consideration of US\$100;
  - (15) an agreement dated 20 January 2011 and its supplemental agreement dated 10 February 2011 both entered into between Mr. Wang as transferor and POT Langfang as transferee, pursuant to which POT Langfang acquired 51.815% equity interest in PSE Beijing from Mr. Wang for a consideration of RMB77,758,137.48;
  - (16) an agreement dated 20 January 2011 and its supplemental agreement dated 10 February 2011 both entered into between Mr. Wu as transferor and POT Langfang as transferee, pursuant to which POT Langfang acquired 43.185% equity interest in PSE Beijing from Mr. Wu for a consideration of RMB64,807,201.91;
  - (17) an agreement dated 20 January 2011 and its supplemental agreement dated 10 February 2011 both entered into between Mr. Wang as transferor and POT Langfang as transferee, pursuant to which POT Langfang acquired 51.81% equity interest in SPT Beijing from Mr. Wang for a consideration of RMB8,438,397.84;
  - (18) an agreement dated 20 January 2011 and its supplemental agreement dated 10 February 2011 both entered into between Mr. Wu as transferor and POT Langfang as transferee, pursuant to which POT Langfang acquired 43.19% equity interest in SPT Beijing from Mr. Wu for a consideration of RMB7,034,441.28;
  - (19) the Novation Agreement dated 17 May 2011 entered into among, (i) Sinopetroleum International Limited, National Energy Corp., CNEC BVI, and North Resources Corp. as the creditors, (ii) our Company and certain subsidiaries of our Company as set out in the appendix to the Novation Agreement as the debtors and (iii) our Company, whereby for a consideration of RMB212,899,290 payable by the debtors to our Company, our Company undertook to assume, with effect from 31 December 2010, all of the debtors' obligations and liabilities arising from or in connection with the accounts receivable due to the creditors from the debtors in an aggregate amount of RMB212,899,290;
  - (20) a deed of novation dated 17 May 2011 entered into among (i) our Company as the debtor, (ii) Sinopetroleum International Limited, National Energy Corp., CNEC BVI, and North Resources Corp. as the creditors and (iii) Mr. Wang and Mr. Wu as the assignees, whereby conditional upon the Novation Agreement coming into effect, our Company novated all obligations and liabilities arising from or in connection with the accounts receivables assumed pursuant to the Novation Agreement amounting to RMB212,899,290 to the assignees jointly and severally, with effect from 31 December 2010, for a consideration of US\$1.00;
  - (21) a deed of indemnity for taxation dated 17 May 2011 entered into among Mr. Wang and Mr. Wu and our Company (for itself and as trustee for each member of our Group), whereby Mr. Wang and Mr. Wu jointly and severally covenanted and undertook to indemnify and keep indemnified our Company from and against any loss or liability or cost arising out of or in connection with any claim made by any tax authority in the PRC, Hong Kong or other applicable jurisdiction against our Company in relation to,

among other things, the failure of the BVI Companies to pay any taxation (as defined therein) arising out of or in connection with the Novation Agreement or the deed of novation as mentioned in items (20) and (21) above, respectively. The details of which are disclosed in the sub-section headed “Other Information” in this appendix;

- (22) an equity transfer agreement dated 1 November 2011 entered into between Wu Ling and PSE Beijing, whereby Wu Ling transferred 17.5% equity interest in SPT Bazhou to PSE Beijing for a consideration of RMB1,750,000;
- (23) a deed of indemnity dated 12 December 2011 entered into between Mr. Wang, Truepath Limited, Red Velvet Holdings Limited, Mr. Wu, True Harmony, Best Harvest Far East Limited, Magic Flute Holdings Limited, Widescope Holdings Limited, Elegant Eagle Investments Limited and our Company (for ourselves and as trustee for our present subsidiaries, whereby each of Mr. Wang, Truepath Limited, Red Velvet Holdings Limited, Mr. Wu, True Harmony, Best Harvest Far East Limited, Magic Flute Holdings Limited, Widescope Holdings Limited and Elegant Eagle Investments Limited has, jointly and severally, given certain indemnities in favour of our Group containing, among other things, the estate duty and taxation indemnities referred to in the sub-section headed “Other Information” in this appendix;
- (24) a deed of non-competition dated 12 December 2011 entered into by Mr. Wang, Truepath Limited, Red Velvet Holdings Limited, Mr. Wu, True Harmony, Best Harvest Far East Limited, Magic Flute Holdings Limited, Widescope Holdings Limited and Elegant Eagle Investments Limited in favour of our Company, details of which are disclosed in the sub-section headed “Non-Competition Undertaking” under the section headed “Relationship with Controlling Shareholders”; and
- (25) the Hong Kong Underwriting Agreement.

**(B) Intellectual Property****(a) Trademarks**

As at the Latest Practicable Date, our Group registered the following trademarks:

<u>Trademark</u>	<u>Name of Owner</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
	POT Langfang	PRC	9	3160688	14 December 2003	13 December 2013
	SPT Beijing	PRC	9	3606222	14 April 2005	13 April 2015
	SPT Beijing	PRC	42	3150843	28 May 2004	27 May 2014
	SPT Beijing	PRC	4	3606471	21 May 2005	20 May 2015
	SPT Beijing	PRC	7	3606470	28 September 2005	27 September 2015
	PSE Beijing	PRC	7	3150841	28 October 2003	27 October 2013
	PSE Beijing	PRC	9	3150842	7 February 2004	6 February 2014
	Company	HK	42	301867663	24 March 2011	23 March 2021

*(b) Copyright*

As at the Latest Practicable Date, our Group is the registered owner of the following copyrights:

<u>Copyright</u>	<u>Registered Owner(s)</u>	<u>Registration Number</u>	<u>Date of First Release</u>
PDMS downhole permanent electronic pressure gauge operating software V5.0 (PDMS 井下永久式電子壓力計操作軟件 V5.0)	SPT Beijing & PSE Beijing	2004SRBJ0108	12 June 2002
PPS2500 series storage pressure gauge data acquisition and processing system V2.20 (PPS2500 系列存儲式壓力計數據採集與處理系統 V2.20)	SET Beijing	2006SRBJ2654	4 June 2003
PPS2500 series storage pressure gauge data acquisition and processing system V2.20 (PPS2500 系列存儲式壓力計數據採集與處理系統 V2.20)	SET Beijing	2009SRBJ0715	4 June 2003
PPS2600 series direct-reading pressure gauge data acquisition and processing system V2.0 (PPS2600 系列直讀式壓力計數據採集與處理系統 V2.0)	SET Beijing	2009SRBJ0723	12 March 2008
China Oil RCH computer simulation training system software V1.0 (RCH 計算機仿真培訓系統軟件 V1.0)	SET Beijing	2006SRBJ2512	10 December 2004
Sinopetroleum data acquisition and processing system V2.0 (PLS 數據採集與處理系統 V2.0)	SET Beijing	2008SRBJ0959	12 March 2008



*(c) Patents*

As of the Latest Practicable Date, our Group is the registered owner of the following patents:

<u>Patent (registration no.)</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Patent Number</u>	<u>Effective Date</u>	<u>Duration</u>
Composite screen liner (複合篩管)	NROT Tianjin	PRC	ZL200720095491.8	14 March 2007	10 years
Composite sand control screen liner (複合控砂篩管)	NROT Tianjin	PRC	ZL200720095492.2	14 March 2007	10 years
Electronic pressure gauge with ultra-high temperature, ultra-high pressure and long- term sealing outer cylinder (具有超高溫、超高 壓、長效密封外筒 的電子壓力計)	NROT Tianjin	PRC	ZL200820094041.5	11 March 2008	10 years
Sand prevention screen liner (防砂篩管)	NROT Tianjin	PRC	ZL200820075356.1	16 July 2008	10 years
Device for cleaning burr of bore hole or inner hole inside circular pipe (一種清除鑽孔或圓管內 孔毛刺的裝置)	NROT Tianjin	PRC	ZL200820074763.0	15 May 2008	10 years
Positioning device for well test instrument (試井儀器定位裝置)	SPT Beijing	PRC	ZL200820079086.1	4 March 2008	10 years
Sectional and commingled production pipe string for horizontal wells (水平井分采合采管柱)	SPT Beijing	PRC	ZL200820079087.6	4 March 2008	10 years
Safety rope socket (安全繩帽)	SPT Beijing	PRC	ZL200820080196.X	25 April 2008	10 years
Combination paraffin removal tool (組合式清蠟工具)	SPT Beijing	PRC	ZL200820080197.4	25 April 2008	10 years
Off-ring safety joint (脫環式安全接頭)	SPT Beijing	PRC	ZL200820108600.X	18 June 2008	10 years
Check valve (止回閥)	SPT Beijing	PRC	ZL200820108599.0	18 June 2008	10 years
Gas injection , gas production and brine discharge integration process pipe column for underground gas storage (地下儲氣庫注氣采 氣排鹵一體化工藝管柱)	SPT Beijing	PRC	ZL200820108598.6	18 June 2008	10 years

<u>Patent (registration no.)</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Patent Number</u>	<u>Effective Date</u>	<u>Duration</u>
Downhole position detector (一種井下位置探測器)	SPT Beijing	PRC	ZL200920110800.3	14 August 2009	10 years
Downhole positioning device (一種井下定位裝置)	SPT Beijing	PRC	ZL200920110799.4	14 August 2009	10 years
A stored continuous recording downhole pressure and temperature gauge (存儲式連續測量井 下壓力溫度計)	PSE Beijing	PRC	ZL 200620012579.4	29 April 2006	10 years
Well depth and rope tension winch measuring device (油井深度及繩纜拉 力絞車計量裝置)	PSE Beijing	PRC	ZL 200620122595.9	24 July 2006	10 years
Well depth and rope tension measuring device (油井深度及繩纜拉 力測量裝置)	PSE Beijing	PRC	ZL 200620131391.1	24 August 2006	10 years
Well depth and rope tension measuring device (油井深度及繩纜拉 力測量裝置)	PSE Beijing	PRC	ZL 200610111707.5	24 August 2006	20 years
Slip-type downhole hanger (卡瓦式井下儀器懸掛器)	PSE Beijing	PRC	ZL200610008265.1	20 February 2006	20 years
Well depth and rope tension winch measuring device (油井深度及繩纜拉力 絞車計量裝置)	PSE Beijing	PRC	ZL200610103469.3	24 July 2006	20 years
Pressure channel occluder (一種壓力通道封堵器)	SPT Xinjiang	PRC	ZL200820124669.1	17 December 2008	10 years
Wireless digital receiving direct-reading pressure gauge (一種無線接收數字直讀壓力計)	SPT Xinjiang	PRC	ZL200820183514.5	19 December 2008	10 years
Downhole direct reading pressure gauge (一種井下解脫封堵測試)	SPT Xinjiang	PRC	ZL200820183513.0	19 December 2008	10 years
Downhole release plugging test device (一種井下解脫封堵測試 裝置)	SPT Xinjiang	PRC	ZL200820124665.3	17 December 2008	10 years

<u>Patent (registration no.)</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Patent Number</u>	<u>Effective Date</u>	<u>Duration</u>
Grinding and milling and fishing integrated device (磨銑打撈一體化工具)	SPT Xinjiang	PRC	ZL200820124672.3	17 December 2008	10 years
Downhole one-way plugging device (一種井下單向封堵裝置)	SPT Xinjiang	PRC	ZL200820124671.9	17 December 2008	10 years
One-way BOP- type (blowout preventer) blanking plug (單向內防噴泵出式堵塞器)	SPT Xinjiang	PRC	ZL200820124670.4	17 December 2008	10 years
Plugging, direct reading and pressure testing integrated device (封堵直讀測壓一體裝置)	SPT Xinjiang	PRC	ZL200820124668.7	17 December 2008	10 years
Downhole pitching control switch valve (一種井下投球控制開關閥)	SPT Xinjiang	PRC	ZL200920172899.X	20 August 2009	10 years
Downhole annular pressure open valve (一種井下環空壓力開啟閥)	SPT Xinjiang	PRC	ZL200920172900.9	20 August 2009	10 years

As at the Latest Practicable Date, we have made applications for the registration of the following patents:

<u>Application Number</u>	<u>Name of Application</u>	<u>Applicant</u>	<u>Place of Registration</u>	<u>Date of Application</u>
200810104964.5	Helmet and fuse calculation method of safety rope socket (安全帽以及安全繩帽的保險絲計算方法)	SPT Beijing	PRC	25 April 2008
201010126029.6	Fishing using the string of electric pump (一種電泵管柱落魚的打撈方法)	SPT Beijing	PRC	17 March 2010
200610079123.4	A stored continuous recording downhole pressure and temperature gauge (存儲式連續測量井下壓力溫度儀)	PSE Beijing	PRC	29 April 2006
200810239777.8	Wireless transmission well test system regarding ultra-deep well (一種超深井無線傳輸試井系統)	SPT Xinjiang	PRC	17 December 2008
200810239778.2	Release of sealing test valve (解脫封堵測試閥)	SPT Xinjiang	PRC	17 December 2008
201010245966.3	Spherically seated sliding sleeve formed in an automatic way (自形成球座式滑套)	SPT Xinjiang	PRC	5 August 2010
201010245968.2	High-pressure gas sealing test tool connected via thread (一種螺紋連接高壓氣密封檢測工具)	SPT Xinjiang	PRC	5 August 2010
201110043345.1	Free ball-down individual blocking valve (一種免投球式單項堵塞閥)	SPT Xinjiang	PRC	23 February 2011
201110043332.4	A reversible pressure controlled circulation valve (一種雙向壓力控制循環閥)	SPT Xinjiang	PRC	23 February 2011
201110043341.3	Second sealing valve (一種二次封堵閥)	SPT Xinjiang	PRC	23 February 2011
201110043343.2	Multiplex switch slide bushing device (一種多次開關滑套裝置)	SPT Xinjiang	PRC	23 February 2011

**(d) Domain names**

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

<u>Domain name</u>	<u>Registrant</u>	<u>Date of registration</u>	<u>Expiry date</u>
spt.com.cn	SPT Beijing	7 November 2002	8 November 2020
spt.cn	SPT Beijing	11 November 2002	17 March 2020
sinopetroleum.com	SPT Beijing	13 May 2000	24 January 2012
sinopetroleum.com.cn	SPT Beijing	13 May 2000	10 November 2020
sinopetroleum.cn	SPT Beijing	10 November 2003	10 November 2020
enecal.com.cn	SPT Beijing	8 February 2002	26 March 2020
northresources.com	SPT Beijing	10 October 2005	10 October 2012
sptenergy.com.cn	SPT Beijing	5 January 2009	5 January 2021
sptenergy.cn	SPT Beijing	5 January 2009	5 January 2021
sptenergy.net	SPT Beijing	5 January 2009	8 January 2021
sptenergy.hk	SPT Beijing	8 January 2009	8 January 2012
華油油氣.中國	SPT Beijing	13 March 2006	13 March 2012
華油油氣.cn	SPT Beijing	13 March 2006	13 March 2012
華油先鋒.中國	SPT Beijing	13 March 2006	13 March 2012
華油先鋒.cn	SPT Beijing	13 March 2006	13 March 2012
先鋒石油.中國	SPT Beijing	13 March 2006	13 March 2012
先鋒石油.cn	SPT Beijing	13 March 2006	13 March 2012
諾斯石油.中國	SPT Beijing	13 March 2006	13 March 2012
諾斯石油.cn	SPT Beijing	13 March 2006	13 March 2012
華油油氣.com	SPT Beijing	2 November 2010	2 November 2011
pse.cn	PSE Beijing	6 November 2002	17 March 2020
pse.com.cn	PSE Beijing	12 February 2001	13 February 2012

## 7. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUBSTANTIAL SHAREHOLDERS, SENIOR MANAGEMENT AND STAFF

### (A) Disclosure of our Directors' interests and short positions in the issued share capital of our Company and its associated corporations

Immediately following completion of the Global Offering, the beneficial interests or short positions of our Directors and our chief executives in any shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which once our Shares are listed, will be required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register required to be kept therein once our Shares are listed; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Company to be notified to our Company and the Stock Exchange, are as follows:

*Long position and short position in the shares, underlying shares and debentures of our Company or its associated corporations*

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest</u>	<u>Aggregate number of ordinary Shares</u>	<u>Approximate percentage of interest in our Company</u>
Wang Guoqiang (note 1) . . . . .	Our Company	Beneficiary of trusts	775,084,000	58.1%
Wu Dongfang (note 2) . . . . .	Our Company	Beneficiary of trusts	775,084,000	58.1%

*Notes:*

- (1) Mr. Wang Guoqiang and his family members are the beneficiaries of Truepath Trust. Please refer to the sub-section headed "Reorganisation—(1) Establishment of our Company and its holding structure" under the section headed "History, Reorganisation and Group Structure" of the prospectus for further details.

- (2) Mr. Wu Dongfang and his family members are the beneficiaries of Widescope Trust and Mr. Wu and six members of the senior management of our Company are the beneficiaries of True Harmony Trust. Please refer to the sub-section headed “Reorganisation—(1) Establishment of our Company and its holding structure” under the section headed “History, Reorganisation and Group Structure” of the prospectus for further details.

**(B) Persons who have an interest or short position discloseable under Division 2 and 3 of Part XV of the SFO and Substantial Shareholder**

So far as our Directors are aware, the following Shareholders will immediately following the completion of the Global Offering and the Capitalisation Issue, have an interest or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Name of corporation	Nature of interest	Aggregate number of ordinary Shares	Approximate percentage of interest in our Company
Widescope Holdings Limited . . . . .	Our Company	Beneficial owner	135,872,000	10.2%
Elegant Eagle Investments Limited (note 1) . . . . .	Our Company	Interest of controlled corporation	135,872,000	10.2%
True Harmony . . . . .	Our Company	Beneficial owner	152,200,000	11.4%
Best Harvest Far East Limited (note 2) . . . . .	Our Company	Interest of controlled corporation	152,200,000	11.4%
Magic Flute Holdings Limited (note 3) . . . . .	Our Company	Interest of controlled corporation	152,200,000	11.4%
Truethpath Limited . . . . .	Our Company	Beneficial owner	487,012,000	36.5%
Red Velvet Holdings Limited (note 4) . . . . .	Our Company	Interest of controlled corporation	487,012,000	36.5%
Jumbo Wind Limited . . . . .	Our Company	Beneficial owner	108,000,000	8.1%
Starshine Investments Limited (note 5) . . . . .	Our Company	Interest of controlled corporation	108,000,000	8.1%
Credit Suisse Trust Limited (note 6) . . .	Our Company	Trustee	935,500,000	70.1%
Mr. Wang (note 7) . . . . .	Our Company	Beneficiary of a trust	775,084,000	58.1%
Mr. Wu (note 8) . . . . .	Our Company	Beneficiary of trusts	775,084,000	58.1%
Mr. Wang Jinbo (note 9) . . . . .	Our Company	Beneficiary of a trust	108,000,000	8.1%

*Notes:*

- (1) Widescope Holdings Limited is wholly-owned by Elegant Eagle Investments Limited and therefore is deemed to be interested in 135,872,000 Shares.
- (2) True Harmony is owned as to 73.3% by Best Harvest Far East Limited and therefore is deemed to be interested in 152,200,000 Shares.
- (3) Best Harvest Far East Limited is wholly-owned by Magic Flute Holdings Limited and therefore is deemed to be interested in 152,200,000 Shares through its shareholding in Best Harvest Far East Limited.
- (4) Truethpath Limited is wholly-owned by Red Velvet Holdings Limited and therefore is deemed to be interested in 487,012,000 Shares.
- (5) Jumbo Wind Limited is wholly-owned by Starshine Investments Limited and therefore is deemed to be interested in 108,000,000 Shares.
- (6) Credit Suisse Trust Limited is the trustee of the Widescope Trust, the True Harmony Trust, the Truethpath Trust, the Jumbo Wind Trust and the Windsorland Trust which are discretionary trusts holding the Shares on trust for True Harmony Limited and the BVI Holding Companies via Elegant Eagle Investments Limited, Magic Flute Holdings Limited, Red Velvet Holdings Limited, Starshine Investments Limited and Tarkin Investments Limited, respectively. Therefore, Credit Suisse Trust Limited is deemed to be interested in 935,500,000 Shares held by True Harmony Limited and the BVI Holding Companies.
- (7) Mr. Wang and his family members are the beneficiaries of Truethpath Trust and he is acting in concert with Mr. Wu. He is deemed to be interested in a total of 775,084,000 Shares, of which 487,012,000 Shares are held by Truethpath Limited, 135,872,000 Shares are held by Widescope Holdings Limited and 152,200,000 Shares are held by True Harmony Limited, respectively.
- (8) Mr. Wu and his family members are the beneficiaries of Widescope Trust and Mr. Wu and six members of the senior management of our Company are the beneficiaries of True Harmony Trust. Mr. Wu is acting in concert with Mr. Wang. Therefore, he is deemed to be interested in a total of 775,084,000 Shares, of which 487,012,000 Shares are held by Truethpath Limited, 135,872,000 Shares are held by Widescope Holdings Limited and 152,200,000 Shares are held by True Harmony Limited, respectively.
- (9) Mr. Wang Jinbo and his family members are the beneficiaries of Jumbo Wind Trust and therefore he is deemed to be interested in 108,000,000 Shares held by Jumbo Wind Limited.

Save as disclosed herein but taking no account of any Shares which may be taken up under the Global Offering, our Directors are not aware of any person who will immediately following completion of the Global

Offering and the Capitalisation Issue be directly or indirectly interested in any interest or any long position in the shares or underlying shares of our Company who would fall to be disclosed to our Company under the provision of Division 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the shares then in issue or equity interest in any member of our Group representing 10% or more of the equity interest in such company.

**(C) Particulars of service agreements**

- (i) Each of our executive Directors has entered into a service agreement with our Company. Principal particulars of these agreements, except as indicated, are in all material respects identical and are summarised below:
  - (a) each service agreement is of a term of three years commencing on the Listing Date. Under the agreement, either party may terminate the agreement at any time by giving to the other not less than three months' prior written notice;
  - (b) each of our executive Directors is not entitled to receive any salary in the capacity as Director except discretionary bonus; and
  - (c) each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board regarding the amount of annual salary and management bonus payable to himself.
- (ii) Each of Chen Chunhua, Wu Kwok Keung Andrew and Wan Kah Ming has signed a letter of appointment dated 1 December 2011 with our Company under which Chen Chunhua, Wu Kwok Keung Andrew and Wan Kah Ming agreed to act as independent non-executive Directors for a period of three years and shall continue thereafter for one year further unless terminated in accordance with the terms of the appointment letters. Each of our independent non-executive Directors is entitled to an annual salary of HK\$300,000.
- (iii) Save as disclosed above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any other member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

**(D) Directors' remuneration**

- (i) Approximately RMB2.3 million was paid to our Directors by our Group as compensation (including basic salaries and allowances, discretionary bonuses and other benefits including pension) in respect of the financial year ended 31 December 2010.
- (ii) Approximately RMB2.3 million (including any management bonus which may be paid) as remuneration is estimated to be paid to our Directors by our Group in respect of the financial year ending 31 December 2011 pursuant to the present arrangement.
- (iii) Save as disclosed in Appendix I to this prospectus, no Director received any remuneration or benefits in kind from our Group for the financial year ended 31 December 2010.

**(E) Disclaimers**

Save as disclosed herein:

- (1) none of our Directors has any interest and short position in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required (a) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by the Directors of Listed Company to be notified to our Company and the Hong Kong Stock Exchange once such securities are listed on the Hong Kong Stock Exchange;



- (2) none of the Our Directors nor any of the persons whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other Information” in this Appendix is interested in the promotion of our Company, or in any assets which have within the two years immediately preceding the issue 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;
- (3) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other Information” in this Appendix 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;
- (4) none of the persons whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other Information” 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;
- (5) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any members of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);
- (6) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Globing Offering or related transaction as mentioned in this prospectus; and
- (7) so far as is known to our Directors, none of our Directors, their respective associates (as defined in the Listing Rules) or Shareholders who are interested in 5% or more of the issued share capital of our Company have any interests in the five largest customers or the five largest suppliers of our Group.

## 8. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by the resolutions of our Shareholders passed on 1 December 2011:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant rights to subscribe for Shares pursuant to the terms of the Share Option Scheme (“Options”) as incentives or rewards to the Participants (as defined in paragraph (iii) below) for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group and any entity which the Group holds any equity interest (“Invested Entity”).

(ii) Conditions

The Share Option Scheme is conditional upon (a) the passing of an ordinary resolution at our Company’s extraordinary general meeting approving the adoption of the Share Option Scheme by our Shareholders and authorizing our Directors to grant Options, and to allot, issue and deal with our Shares pursuant to the exercise of any Options granted under the Share Option Scheme; and (b) the Listing Committee granting approval of the listing of, and permission to deal in, (1) our Shares in issue and to be issued as mentioned in this prospectus and (2) any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme. If the above conditions are not satisfied within six (6) months after the date on which the scheme is conditionally adopted by our Company at a general meeting of the Shareholders, the Share Option Scheme shall forthwith terminate, any Option granted or agreed to be granted pursuant to this Scheme and any offer of such a grant shall be of no effect, and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

## (iii) Eligible Participants

Our Board may, at its discretion, invite any executive, non-executive or independent non-executive Directors or any employees (whether full-time or part-time) of our Company, or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group (“Participants”) to take up the Options. The basis of eligibility of any of the class of the Participants to the grant of any Option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any Invested Entity.

## (iv) Offer and Grant of Options and payment in relation thereto

No offer of the grant of an Option 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 published pursuant to the requirements of the Listing Rules. In particular, no option may be granted on any day on which the financial results of our Company are published, and during the period of one (1) month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company’s results for any year, half-year, quarterly or other interim period; 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.

Offer of an Option (“Offer”) shall be deemed to have been accepted by any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme (“Grantee”) and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of our Company of HK\$1 by way of consideration for the granting thereof is received by our Company within such period as our Board may determine and specify in the letter of Offer. Such remittance shall in no circumstances be refundable.

## (v) Subscription Price

The subscription price for our Shares under the Share Option Scheme will be at least the highest of (a) the closing price of our Shares as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the date on which an Offer is made by our Company to the Grantee (which date must be a business day, “Offer Date”); (b) a price being the average of the closing prices of our Shares as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the Offer Date (provided that the Offer Price shall be used as the closing price for any business day falling within the period before listing of our Shares where our Company has been listed for less than 5 business days as at the Offer Date); and (c) the nominal value of a Share.

## (vi) Maximum number of Shares

(a) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (being 133,500,000 Shares), unless our Company obtains a fresh approval from our Shareholders pursuant to (b) below.

(b) Subject to (d) below, our Company may seek approval of our Shareholders in general meeting for refreshing the 10% limit set out in (a) above such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any such other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.

- (c) Subject to (d) below, our Company may seek separate approval by our Shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Participants specifically identified by our Company before such approval is sought. In such a case, our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.
- (d) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of our 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 shall not exceed 30% of the total number of Shares in issue from time to time. No Options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.
- (vii) Conditions, restrictions or limitations on Offers of Grant of Options
- Subject to the provisions of the Share Option Scheme and the Listing Rules, our Board may when making an Offer impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.
- (viii) Maximum entitlement of a Participant
- (a) The maximum entitlement for any one Participant is that the total number of our Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (b) Any further grant of Options to a Participant which would result in our Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of our Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue shall be subject to our Shareholders' approval in general meeting with such Participant and his associates abstaining from voting. The number of Shares subject to the Options to be granted and the terms of the Options to be granted to such Participants shall be fixed before our Shareholders' approval and the date of the meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. In such a case, our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.
- (ix) Grant of Options to Connected Persons
- (a) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or their respective associates must be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who is the Grantee).
- (b) Where our Board proposes to grant any Option to a Participant who is a substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or an independent non-executive director of our Company, or any of their respective associates would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the proposed Offer Date of such grant (the "Relevant Date"):-
- (1) representing in aggregate more than 0.1% of the total number of Shares in issue on the Relevant Date; and
  - (2) having an aggregate value, based on the closing price of our Shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the Relevant Date, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by our Shareholders in general meeting. In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the Listing Rules. The Participant concerned and all other connected persons of our Company must abstain from voting in favour of the resolution at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

The Participant and all other connected persons of our Company may vote against the resolution at the general meeting provided that such intention to do so has been stated in the circular. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case our Company shall, if it becomes aware of the change before the date of the general meeting, immediately dispatch a circular to our shareholders or publish an announcement notifying our shareholders and, if know, the reason for such change. Where the circular is dispatched or the announcement is published less than 14 days before the date originally scheduled for the general meeting, the meeting shall be adjourned before considering the relevant resolution to a date that is at least 14 days from the date of dispatch of the circular or publication of the announcement by the chairman.

(x) Exercise of Options

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme (“Option Period”).

(xi) Vesting

Options granted to a Grantee under the Share Option Scheme may only become exercisable in accordance with the following vesting schedule:

- (a) one-third of the Shares which are subject to the Options so granted to him (rounded down to the nearest whole number) shall be exercisable at any time during the period commencing on the first anniversary of the Offer Date and ending at the end of the Option Period;
- (b) one-third of the Shares which are subject to the Options so granted to him (rounded down to the nearest whole number) shall be exercisable at any time during the period commencing on the second anniversary of the Offer Date and ending at the end of the Option Period; and
- (c) the remaining number of the Shares which are subject to the Options so granted to him shall be exercisable at any time during the period commencing on the third anniversary of the Offer Date and ending at the end of the Option Period.

(xii) Performance Target & Minimum Period before Exercise

Unless otherwise determined by our Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option, there is neither any performance target that needs to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

(xiii) Options are personal to the Grantee

An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests (whether legal or beneficial) in favour of any third party over or in relation to any Option.

(xiv) Rights on death, or termination of employment, our Directorship, office or appointment

- (a) If the Grantee ceases to be a Participant by reason of his ill-health or retirement, the Grantee may exercise the Option up to his entitlement at such date of cessation (to the extent not

already exercised) within the period of 12 months following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director of the relevant company, as the case may be, or such longer period is the Board may determine the event of which, the date of cessation as determined by a resolution of our Board or governing body of the relevant company shall be conclusive. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

- (b) If the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his employment, directorship, office or appointment under paragraph (xiii)(c) below arises, the personal representative(s) of the Grantee shall be entitled within a period of 12 months or such longer period as our Board may determine from the date of death to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent not already exercised). An Option shall lapse automatically and not be exercisable (to the extent that it has become exercisable and has not already been exercised) on the expiry of the period referred to above.
  - (c) An Option shall lapse automatically (to the extent not already exercised) on the date on which the Directors determine that the Grantee ceases to be an employee or director of our Company or its subsidiaries by reason of the termination of his employment or directorship on the grounds that he has been guilty of misconduct, or has found to have breached the term(s) of the relevant employment contract or service contract leading to a material loss or damage to the Group, or his employment has terminated by reason of the failure of such employment to pass the annual evaluation, or has become bankrupt or insolvent, or has been served with a petition for bankruptcy, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by our Board or the board of the relevant subsidiary of our Company, as the case may be) on any other ground on which any employer would be entitled to terminate his employment or directorship at common law or pursuant to any applicable laws or under the Grantee's employment contract or service contract with our Company or the relevant subsidiary of our Company.
  - (d) If the Grantee ceases to be a Participant by reason of (i) such Grantee's resignation from the employment of the Company or of any of its subsidiaries or Invested Entities, or (ii) the termination of his employment by our Company or of its relevant subsidiary or Invested Entity, or the expiry of such employment other than the termination of his employment on one or more of the grounds specified in (b) above, the Grantee may exercise the Option up to his entitlement at such date of cessation, which date shall be the last actual working day on which the Grantee was at work with our Company, or its relevant subsidiary or Invested Entity, on which salary is paid whether in lieu of notice or not, or such longer period as the Board may determine.
- (xv) Voluntary winding-up of our Company

In the event a notice is given by our Company to its shareholders 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 on the same date as or soon after it dispatches such notice to convene the general meeting, give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representatives(s)) may, subject to the provisions of all applicable laws, by written notice to our Company (such notice to be received by our Company not later than two business days prior to the proposed general meeting of our Company) exercise the Option (to the extent that it has become exercisable and has not already been exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate subscription price for our 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 referred to above, allot the relevant Shares to the Grantee credited as fully paid. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date of the commencement of the winding-up of the Company.



## (xvi) Rights on take-over

In the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares (or all such holders other than the offer or and/or any person controlled by the offer or and/or any person acting in association or concert with the offeror), our Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his Option at any time before the close of such offer (or any revised offer).

## (xvii) Rights on a compromise or arrangement

Other than a general offer or a scheme of arrangement referred to in (xv) above, if a compromise or arrangement between our Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the Grantee on the same date as it dispatches the notice which is sent to each shareholder or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his Options (to the extent which it has become exercisable and has not already been exercised), but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with our Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

## (xviii) Effects of alterations to capital structure

In the event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of our Shares or reduction of capital or otherwise, excluding any alteration in the capital structure of our Company as a result of an issue of Share as consideration in respect of a transaction to which our Company is a party, such corresponding alterations (if any) certified in writing by an independent financial adviser appointed by our Company or the auditors for the time being of our Company to be in their opinion as fair and reasonable will be made in the number of Shares subject to the Options so far as unexercised and/or the subscription price, provided that such alterations shall give a Grantee as nearly as possible the same proportion of the issued share capital of our Company as that to which he was previously entitled, but so that no such alteration shall be made the effect of which would enable our Share to be issued at less than its nominal value.

## (xix) Lapse of Options

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

- (1) the expiry of the Option Period;
- (2) the expiry of the periods referred to in paragraph (xiv)(a) and (xiv)(b) respectively;
- (3) the date on which the offer (or as the case may be, revised offer) referred to in paragraph (xvi), which has become or is declared unconditional, closes;
- (4) the date when the proposed compromise or arrangement becomes effective referred to in paragraph (xvii);

- (5) the date of the commencement of the winding-up of the Company referred to in paragraph (xv);
  - (6) the date on which the Directors determine that the Grantee ceases to be a Participant by reason of termination of his employment on the grounds referred to in paragraph (xiv)(c);
  - (7) the date the Directors, at their absolute discretion, determine that the Grantee (other than a Participant) or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part or that the Grantee has become bankrupt or insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally;
  - (8) the date on which the grantee commits a breach referred to in paragraph (xiv)(c); or
  - (9) the date on which the Option is cancelled by our Board as set out in paragraph (xxii).
- (xx) Ranking of Share allotted upon exercise of Options
- The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.
- (xxi) Duration of the Share Option Scheme
- The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is conditionally adopted by resolution of our Shareholders.
- (xxii) Cancellation of Options granted
- Our Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by our Board as provided above.
- (xxiii) Termination of the Share Option Scheme
- Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.
- (xxiv) Alteration of the provisions of the Share Option Scheme
- The provisions of the Share Option Scheme may be altered in any respect by resolution of our Board except that provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Grantee without the prior approval of our Shareholders in general meeting provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under this scheme. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature must first be approved by the Stock Exchange.



## 9. OTHER INFORMATION

### (A) Indemnities

#### (i) *Estate duty indemnity*

Our Controlling Shareholders has entered into a deed of indemnity (the “Deed of Indemnity”) with and in favour of us (for ourselves and as trustee for our present subsidiaries) (being the material contract (s) referred to in the paragraph headed “Summary of material contracts” under the section headed “Further Information about our Business” in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong) to any member of our Group on or before the Listing Date.

#### (ii) *Taxation indemnity*

Under the Deed of Indemnity, our Controlling Shareholders have also given indemnities to our Group on a joint and several basis in respect of any claim or demand for Taxation (as defined therein) 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 Relevant Date (as defined therein).

Under the Deed of Indemnity, the aforesaid indemnities against Taxation (as defined therein) do not cover any claim and the Indemnifiers shall be under no liability thereunder in respect of any Taxation claim:

- (a) to the extent that provision has been made for such Taxation (as defined therein) claim in the audited consolidated accounts of our Group for each of the three financial years ended 31 December 2010 and the six months ended 30 June 2011 in Appendix I to this prospectus;
- (b) for which any member of our Group is liable as a result of any event occurring or income, profits or gains earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date;
- (c) to the extent that such Taxation (as defined therein) claim would not have arisen but for any act or omission voluntarily effected by any member of our Group, otherwise in the ordinary course of business after the Listing Date;
- (d) to the extent that such Taxation (as defined therein) claim is discharged by another person who is not a member of our Group and that such member of our Group is not required to reimburse such person in respect of the discharge of such Taxation (as defined therein) claim; and
- (e) to the extent that such Taxation (as defined therein) claim arises or is incurred as a consequence of any retrospective change in the law, interpretation or practice coming into force after the Listing Date or to the extent that such Taxation (as defined therein) claim arises or is increased by an increase in the rates of Taxation (as defined therein) after the Listing Date with retrospective effect.

#### (iii) *Regulatory non-compliance indemnity*

Under the Deed of Indemnity, our Controlling Shareholders have given further indemnities to our Group on a joint and several basis in respect of all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines incurred or suffered by the Group Companies as a result of or in connection with the breach of laws and regulations in the PRC, Hong Kong or elsewhere to which the Group Companies are subject to.

The indemnities provided by each of Red Velvet Holdings Limited, Magic Flute Holdings Limited and Elegant Eagle Investments Limited in relation to the above indemnities (i), (ii) and (iii) shall be limited to any taxation or event giving rise to any Claim (as defined in the Deed of Indemnity) after 10 February 2009.

*(iv) Taxation indemnity in relation to BVI Companies*

Mr. Wang and Mr. Wu has entered into a deed of indemnity for taxation dated 17 May 2011 whereby Mr. Wang and Mr. Wu jointly and severally covenanted and undertook to indemnify and kept indemnified our Company from and against any loss or liability or cost arising out of or in connection with any claim made by any tax authority in the PRC, Hong Kong or any other applicable jurisdiction against our Company in relation to the failure of the BVI Companies to pay any taxation (as defined therein) arising out of or in connection with, among other things, the Novation Agreement or the deed of novation as referred to in the sub-section headed “summary of material contracts” in this appendix. For the details of the potential tax liabilities, please refer to the sub-section headed “we may be subject to potential tax liability of certain BVI Companies that used to be part of our Group” under the section headed “Risk Factors”.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

**(B) Litigation**

No member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

**(C) Sole Sponsor**

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

**(D) Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately HK\$79,060 and are payable by our Company.

**(E) Promoter**

Our Company has no promoters as defined under the Listing Rules.

Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given non any proposed to be paid, allotted or given to any promoter in connection with the Global Offering or the related transactions described in this prospectus.

**(F) Qualifications of experts**

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

<u>Name</u>	<u>Qualification</u>
Morgan Stanley Asia Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
PricewaterhouseCoopers	Certified public accountants
DTZ Debenham Tie Leung Limited	Professional surveyors and valuer
Commerce & Finance Law Offices	PRC legal advisers
Appleby	Cayman Islands legal advisers
Spears and Associates	Industry consultant

**(G) Consents of experts**

Each of Morgan Stanley Asia Limited, PricewaterhouseCoopers, DTZ Debenham Tie Leung Limited, Commerce & Finance Law Offices Appleby and Spears and Associates has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

As of the Latest Practicable Date, none of the experts referred to above have 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.

**(H) 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 insofar as applicable.

**(I) Commission received**

The Underwriters will receive an underwriting commission of 3.5% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission will be paid; provided however, the Joint Bookrunners shall be entitled to a minimum underwriting commission of US\$5 million. Please refer to the section headed “Underwriting—Commission and expenses” in this prospectus for further details.

**(J) Related party transactions**

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 31 to the Accountant’s Report set out in Appendix I to this prospectus.

**(K) No material adverse change**

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since 30 June 2011.

**(L) Bilingual prospectus**

The English language and the 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.

**(M) Miscellaneous**

- (1) Save as disclosed in this prospectus:
  - (a) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (c) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued; and
  - (d) within the two years preceding the date of this prospectus, no commissions (except commissions to sub-underwriters), discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or debentures of our Company or any of its subsidiaries.
- (2) None of Morgan Stanley Asia Limited, PricewaterhouseCoopers, DTZ Debenham Tie Leung Limited, Commerce & Finance Law Offices, Spears and Associates and Appleby:
  - (a) is interested beneficially or non-beneficially in any shares in any member of our Group; or
  - (b) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.
- (3) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (4) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.