

**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation of our Company and registration of our Company under Part XI of the Companies Ordinance**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 March 2011.

Our Company has established a principal place of business in Hong Kong at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong and has been registered as an overseas company in Hong Kong under Part XI of the Companies Ordinance on 13 May 2011. Mr. Li Chi Kong of Flat F, 24th Floor, Block 16, Yee Tsui Court, South Horizons, Apleichau, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution which comprises our Memorandum of Association and the Articles. A summary of various provisions of our Company's constitutional documents and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

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

- (1) As at the date of incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a nominal value of HK\$0.01 each. On 21 March 2011, one subscriber's Share was transferred to Autobest Holdings as our Company's sole shareholder.
- (2) Pursuant to the written resolutions of the sole Shareholder passed on 20 December 2011, the authorised share capital was increased from HK\$380,000 to HK\$200,000,000 comprising 20,000,000,000 Shares of HK\$0.01 each by creation of 19,962,000,000 Shares with a nominal value of HK\$0.01 each.
- (3) On 20 December 2011, the Company allotted and issued 352,707,832 Shares to Autobest Holdings under the payment instructions by Sunwealth at the price of HK\$1.00 per Share, all credited as fully paid, in consideration of transfer of one share in Splendid Link to the Company. On 20 December 2011, 142,292,167 new Shares were allotted and issued to Autobest Holdings under the payment instructions by Sunwealth at the price of HK\$1.00 per Share, all credited as fully paid, in consideration of the assignment of the outstanding shareholder's loan owed by our Group to Sunwealth in the aggregate sum of HK\$227,305,017.43.

Immediately following the completion of the Share Offer, the issued share capital of the Company will be HK\$6,600,000 divided into 660,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid.

Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme below, our Company does not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the paragraph headed “Written resolutions of the sole Shareholder passed on 20 December 2011” below, there has been no alteration in the share capital of our Company since the date of its incorporation.

### **3. Change in share capital of our subsidiaries**

Our subsidiaries are set out in the section headed “Appendix I — Accountants’ report of the Company” to this prospectus. In addition to those disclosed in the sub-paragraphs headed “Change in the share capital of our Company” in this Appendix, the following alterations in the share or registered capital of our subsidiaries had taken place within two years immediately preceding the date of this prospectus:

(a) *Splendid Link*

Splendid Link was incorporated as a limited liability company under the laws of the BVI on 19 November 2010. One share with par value of US\$1.00 was allotted and issued as fully paid to Sunwealth at the time of its incorporation.

(b) *SAC Intellectual*

SAC Intellectual was incorporated as a limited liability company under the laws of the BVI on 11 March 2010. One share with par value of US\$1.00 was allotted and issued as fully paid to SAC Investments at the time of its incorporation.

(c) *Allied Wangchao*

On 20 August 2011, the registered capital of Allied Wangchao was increased from US\$9,200,000 to US\$14,360,000 which the capital injection in the amount of US\$5,160,000 was contributed by SAC Holdings.

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

### **4. Written resolutions of the sole Shareholder passed on 28 April 2011**

On 28 April 2011, written resolutions of the sole Shareholder were passed, pursuant to which conditional on (i) the passing by the shareholders of Tian An in general meeting of an ordinary resolution to approve the adoption of the Share Option Scheme; (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of any options under the Share Option Scheme; and (iii) the commencement of the listing of the Shares on the Stock Exchange, the rules of the Share Option Scheme (the principal terms of which are set out in the paragraph headed “Share Option Scheme”

in this Appendix V) were approved and adopted and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the 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 may be necessary or desirable to implement the Share Option Scheme.

#### **5. Written resolutions of the sole Shareholder passed on 20 December 2011**

On 20 December 2011, written resolutions of the sole Shareholder of our Company were passed pursuant to which, among other things:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$200,000,000 by the creation of additional 19,962,000,000 Shares of HK\$0.01 each in the capital of our Company to rank pari passu in all respects with the then existing issued Shares of HK\$0.01 each in the capital of our Company;
- (b) following the increase in authorised share capital, the allotment of and issue of 494,999,999 Shares, all credited as fully paid, to Autobest Holdings under the payment instructions by Sunwealth as consideration for (i) the acquisition by the Company of the entire issued share capital of Splendid Link from Sunwealth; and (ii) the assignment of the shareholder's loan from Sunwealth to the Company in the total amount of HK\$227,305,017.43 owed by Splendid Link and its subsidiary, namely SAC Holdings, to Sunwealth was approved and the Directors were authorised to allot and issue the 494,999,999 Shares;
- (c) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to any options which may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Underwriter) and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreement, the Share Offer was approved and the Directors were authorised to effect the same and to allot and issue the Offer Shares;
- (d) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon the exercise of options which may be granted under the Share Option Scheme or under any option scheme or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of Shares or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding 20% of the total nominal value of the share

capital of our Company in issue immediately following completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is 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 or any applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate;
- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the shares of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares with a total nominal value not exceeding 10% of the aggregate of the total nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is 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 or any applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate;
- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme); and
- (g) our Company conditionally approved and adopted the Memorandum and Articles of Association.

## 6. Corporate reorganisation

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

- (a) On 19 November 2010, Splendid Link was incorporated in the BVI as a limited liability company, which is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 23 December 2010, one share at par was allotted and issued as fully paid to Sunwealth.
- (b) On 31 December 2010, an agreement for the sale and purchase of one share in SAC Intellectual was entered into between Splendid Link and SAC Investments pursuant to which Splendid Link agreed to acquire one share at par in the capital of SAC Intellectual, representing its entire issued share capital. The transfer of one share in SAC Intellectual from SAC Investments to Splendid Link was completed on the same date and Splendid Link has become the sole shareholder of SAC Intellectual accordingly. On 31 December 2010, a deed of assignment relating to a shareholder's loan owed by SAC Intellectual to SAC Investments in the principal amount of HK\$2,192.20 was entered into between SAC Investments and Splendid Link, pursuant to which SAC Investments agreed to assign and Splendid Link agreed to take the assignment of the shareholder's loan at the consideration equivalent to its principal amount.
- (c) On 31 December 2010, an agreement for the sale and purchase of 10,000,000 shares in SAC Holdings, being its entire issued share capital, was entered into between Sunwealth and Splendid Link, pursuant to which Splendid Link agreed to acquire the entire issued share capital of SAC Holdings at the consideration of HK\$50,027,000. The transfer of the entire issued share capital of SAC Holdings from Sunwealth to Splendid Link was completed on 31 December 2010 and Splendid Link has become the sole shareholder of SAC Holdings accordingly.
- (d) On 11 March 2011, Autobest Holdings was incorporated in the BVI as a limited liability company, which is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 18 March 2011, one share at par was allotted and issued as fully paid to Tian An.
- (e) On 21 March 2011, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same date, one subscriber share with par value of HK0.01 each was transferred to Autobest Holdings.
- (f) On 20 December 2011, the Company acquired one share with par value of US\$1.00 in the capital of Splendid Link, representing the entire issued share of Splendid Link, from Sunwealth at a total consideration of HK\$352,707,832. In consideration of such acquisition, the Company allotted and issued 352,707,832 new Shares to Autobest Holdings under the payment instructions of Sunwealth at the issue price of HK\$1.00 per Share. The transfer of one share in Splendid Link from Sunwealth to the Company was

completed on the same date and Splendid Link has become the direct wholly-owned subsidiary of the Company accordingly. On 20 December 2011, a shareholder's loan in the amount of HK\$177,266,325.23 owed by SAC Holdings to Sunwealth and a shareholder's loan in the amount of HK\$50,038,692.20 owed by Splendid Link to Sunwealth were assigned from Sunwealth to our Company. These two loans were assigned to our Company at an aggregate consideration of HK\$142,292,167 which is satisfied by the allotment and issue of an aggregate of 142,292,167 new Shares at the issued price of HK\$1.00 per Share in accordance with the payment instructions given by Sunwealth to our Company.

#### **7. Repurchase by our Company of its own securities**

This section includes information relating to the repurchase of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) *Relevant legal and regulatory requirements*

The Listing Rules permit Shareholders to grant the Directors a general mandate to repurchase the Shares that are listed on the Stock Exchange.

(b) *Shareholder's approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Under the Listing Rules, Shares to be repurchased by our Company must be fully paid up.

Pursuant to a written resolution passed by all the Shareholders on 20 December 2011, the Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose. This mandate will expire at 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 applicable laws of the Cayman Islands to be held, or (iii) such mandate being revoked, varied or renewed by resolutions of the Shareholders in a general meeting.

(c) *Source of funds*

The repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association of our Company and the applicable laws of the Cayman Islands and any other

laws and regulations applicable to our Company. Our Company shall not repurchase Shares on the Stock Exchange for consideration other than cash or for the settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) *Trading restrictions*

Our Company may repurchase up to 10% of the issued share capital immediately after completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of the Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing the Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange.

(e) *Status of repurchased securities*

All repurchased securities (whether on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase. Under the laws of the Cayman Islands, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be diminished by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(f) *Suspension of repurchase*

No repurchase of the Company's securities are permitted during the period from the time a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. In particular, during the period of one month immediately preceding the earlier of either (i) the date of the board meeting for the approval of the Company's results for any year, half-year or quarter-year period or any other interim period; or (ii) the deadline for an announcement of the Company's results for any year, half-year or quarter-year period or any other interim period and ending on the date of the results announcement, the Company may not repurchase its Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the Stock Exchange if the Company has breached the Listing Rules.

(g) *Reporting requirements*

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the trading day immediately following the date of repurchase. In addition, a company's annual report and accounts are required to disclose details regarding repurchases of securities made during the financial year under

review, including the number of securities repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(h) *Connected persons*

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to our Company on the Stock Exchange.

(i) *Reasons for repurchases*

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

(j) *General*

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the memorandum of association of our Company, the Articles of Association and any other applicable laws of the Cayman Islands.

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, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing positions which in the opinion of the Directors are from time to time appropriate for our Company.

If, as a result of any repurchase of the Shares, a Shareholder’s proportionate interest in our Company’s voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares by the Company. Save as aforesaid, the Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchase made pursuant to the repurchase mandate.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates as defined by the Listing Rules, has any present intention to sell any Shares to our Company.



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

## **B. FURTHER INFORMATION ABOUT OUR BUSINESS**

### **1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business of our Group) 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:






- (a) an agreement dated 20 December 2010 entered into between Shanghai SAC and Allied Wangchao in relation to the sale of equipments, stock accessories and materials from Shanghai SAC to Allied Wangchao due to relocation of Shanghai SAC's plant at a consideration of RMB5,164,300, RMB1,735,059.26 and RMB200,000 respectively, totaling RMB7,099,359.26;
- (b) a sale and purchase agreement dated 31 December 2010 between SAC Investments and Splendid Link for the transfer of one share in SAC Intellectual from SAC Investments to Splendid Link at the consideration of US\$1.00;
- (c) an assignment of loan by way of deed dated 31 December 2010 between SAC Investments and Splendid Link in relation to the assignment of a loan in the amount of HK\$2,192.20 owing from SAC Intellectual to SAC Investments at the consideration of HK\$2,192.20;
- (d) a sale and purchase agreement dated 31 December 2010 between Sunwealth and Splendid Link for the transfer of 10,000,000 shares in SAC Holdings from Sunwealth to Splendid Link at the consideration of HK\$50,027,000;
- (e) the deed of reorganisation dated 20 December 2011 entered into between the Company, Sunwealth and Tian An, pursuant to which Sunwealth agreed to sell the one share in Splendid Link and the shareholder's loan in the total amount of HK\$227,305,017.43 owed by Splendid Link and its subsidiary, namely SAC Holdings, to the Company in consideration of the Company's allotting and issuing 494,999,999 Shares of HK\$0.01 each credited as fully paid at an issue price of HK\$1.00 per Share to Sunwealth or as it may direct (the "Deed of Reorganisation");
- (f) pursuant to terms and conditions of the Deed of Reorganisation, a deed of loan assignment dated 20 December 2011 entered into between the Company, Sunwealth, Splendid Link and SAC Holdings in relation to the assignment of a loan in the amount of HK\$227,305,017.43 due from Splendid Link and SAC Holdings to Sunwealth;
- (g) the Non-competition Deed;

- (h) a deed of indemnity dated 20 December 2011 given by Autobest Holdings and Tian An in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries as stated in this prospectus) as more particulars referred to in the paragraph headed “Estate duty, tax and other indemnity” in this Appendix; and
- (i) the Underwriting Agreement.

## 2. Intellectual property rights of our Group

### (a) Trademarks

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

<u>Registrant</u>	<u>Trademark</u>	<u>Place of registration</u>	<u>Class (Note)</u>	<u>Registration Number</u>	<u>Expiry date</u>
SAC Intellectual		Hong Kong	19	301570833	23 March 2020
SAC Intellectual	(A) 	Hong Kong	19	301896283	20 April 2021
	(B) 				
Shanghai SAC		PRC	19	904806	27 November 2016
Shanghai SAC		PRC	19	3458451	20 January 2015

*Note:* Specifications of the relevant registered trademarks in Class 19 relate to building materials (non-metallic); ceramics tiles, not of metal, for building; non-metallic wall tiles; non-metallic floor tiles, cements, granite, marble products, all the aforesaid goods for use in the construction field or in the building industry.

### (b) Patents

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

<u>Patent holder</u>	<u>Name of utility model patent</u>	<u>No. of patent</u>	<u>Date of application</u>	<u>Date of notification</u>	<u>Expiry date</u>
Shanghai SAC	cyclone air type cement cooler (旋風式水泥冷卻器)	ZL 03 2 30763.2	29.04.2003	30.06.2004	28 April 2013
Shanghai SAC	a method of using dry sludge as an ingredient to produce clinker and cement (一種採用脫水污泥配料制得的水泥熟料及水泥的生產方法)	ZL 2007 1 0045299.2	27.08.2007	05.08.2009	26 August 2017
Shanghai SAC	a method of using slag as an ingredient to produce clinker and other production (一種採用鋼渣配料制得的水泥熟料及其生產方法)	ZL 03 1 16681.4	29.04.2003	26.07.2006	28 April 2013

(c) *Domain name*

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

<u>Domain name</u>	<u>Registrant</u>	<u>Expiry Date</u>
www.alliedcement.com.hk	SAC Holdings	20 April 2016

**C. DISCLOSURE OF INTERESTS****1. Directors**(a) *Interests in Shares*

Immediately following completion of the Share Offer (taking no account of Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), none of the Directors and chief executives of our Company have any interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO) once the Shares are listed, or which will be required to be entered in the register kept by our Company pursuant to section 352 of the SFO, or which, once the Shares are listed, will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) *Particulars of employment contracts/service contracts*

Each of the executive Directors has entered into an employment contract with our Company commencing from the Listing Date which may be terminated by either party giving not less than 90 days' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of our Company in accordance with the Articles of Association of our Company or any other applicable laws from time to time whereby he shall vacate his office. Particulars of the employment contracts of the executive Directors are in all material respects the same. Each of the executive Directors shall be entitled to (i) a monthly salary package; (ii) a discretionary bonus which is based on the performance of the Director and the Company; (iii) a thirteen-month salary payment; and

(iv) a Director's fee of HK\$10,000 per annum which is determined by the Board and shall be subject to the approval by the Shareholders. Mr. Yu Zhong, being an executive Director, is also entitled to a performance bonus based on the sales incentive scheme adopted by Shanghai SAC. Details of the sales incentive scheme are set out in the paragraph headed "The Company's relationship with employees" under the section headed "Directors, Senior Management and Employees" in this prospectus. The annual remuneration of the executive Directors excluding discretionary and performance bonuses pursuant to their respective employment contract is as follows:

Name of Director	Annual Director's remuneration excluding bonuses (HK\$)
Mr. Ng Qing Hai	1,960,000
Mr. Li Chi Kong	100,000
Mr. Yu Zhong	499,489 ( <i>Note</i> )

*Note:* Mr. Yu is entitled to an annual salary package (excluding the Director's fee) of RMB398,931, which is equivalent to approximately HK\$489,489.

Each of the independent non-executive Directors has signed an appointment letter with our Company for a service term of two years commencing on the Listing Date subject to retirement and re-election at the annual general meetings of our Company in accordance with the Articles of Association of our Company or any other applicable laws from time to time whereby he/she shall vacate his/her office. Pursuant to the letters of appointment between our Company and each of Mr. Chan Sze Chung, Mr. Cheng Kin Chung and Ms. Yang Yan Tung Doris (all of whom are independent non-executive Directors), each of them is entitled to receive a respective service fee of HK\$70,000, HK\$90,000 and HK\$70,000 per annum and a Director's fee of HK\$10,000 per annum which is determined by the Board and shall be subject to the approval by the Shareholders.

Save as disclosed above, none of the 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).

(c) *Remuneration of Directors*

During the three years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011, the aggregate amount of remuneration paid and benefits in kind granted to the Directors by our Group was approximately HK\$1,443,000, HK\$1,770,000, HK\$3,829,000 and HK\$619,000 respectively. None of the Directors has waived any remuneration during the Track Record Period.

Under the arrangements currently in force, the estimated amounts of remuneration, excluding discretionary bonuses, if any, payable to our Directors for the financial year ending 31 December 2011 will be approximately HK\$1,646,000.

## 2. Substantial Shareholders

### (a) *Interests in our Company*

So far as the Directors are aware, immediately following completion of the Share Offer (taking no account of Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of our Company) are expected to have an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name of Substantial Shareholder</u>	<u>Nature of interest and capacity</u>	<u>Number of Shares directly or indirectly held immediately following the allotment of the Offer Shares</u>	<u>Percentage of shareholding</u>
Autobest Holdings (Note 2)	Beneficial Owner	495,000,000 (L)	75%
Tian An (Note 2)	Interest in a controlled corporation	495,000,000 (L)	75%
China Elite Holdings Limited (Note 3)	Interest in a controlled corporation	495,000,000 (L)	75%
Fine Class Holdings Limited (Note 3)	Interest in a controlled corporation	495,000,000 (L)	75%
Allied Properties (Note 3)	Interest in a controlled corporation	495,000,000 (L)	75%
Allied Group Limited (Note 4)	Interest in a controlled corporation	495,000,000 (L)	75%
Lee and Lee Trust (Note 5)	Interest in a controlled corporation	495,000,000 (L)	75%

*Notes:*

- The letter "L" denotes the entity's long position in the Shares.
- The entire issued share capital of Autobest Holdings is beneficially owned by Tian An which is deemed to be interested in the Shares held by Autobest Holdings pursuant to the SFO.
- Allied Properties is interested in approximately 46.85% of the entire issued share capital of Tian An through its direct and indirect wholly-owned subsidiaries, namely Fine Class Holdings Limited and China Elite Holdings Limited. Therefore, Allied Properties is deemed to be interested in the Shares which Tian An is interested for the purpose of the SFO.
- Allied Group Limited is interested in approximately 72.34% of the entire issued share capital of Allied Properties. Therefore, Allied Group Limited is deemed to be interested in the Shares which Allied Properties is interested for the purpose of the SFO.
- Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 56.75% interest in the issued share capital of Allied Group Limited and were therefore deemed to have an interest in the Shares in which Allied Group Limited was interested for the purpose of the SFO.

(b) *Interest in other members of our Group*

As of the Latest Practicable Date, so far as the Directors are aware, the following persons were 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:

<u>Name of shareholder</u>	<u>Name of member of the Group</u>	<u>Percentage of shareholding</u>
Aso Corporation	AII-Shanghai	16.67%
Shanghai Cement Factory	Shanghai SAC	40%

**3. Related party transactions**

Save as disclosed in this prospectus and in the accountants' report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company had not engaged in any other material connected transactions or related party transactions.

**4. Agency fees and commissions received**

Save as disclosed in this prospectus, no commission, discounts, brokerages or other special terms were granted within two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

**D. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the sole Shareholder of the Company passed on 28 April 2011 and the shareholders of Tian An on 30 May 2011 respectively:

**(a) Purpose**

The purpose of the Share Option Scheme is to provide incentives to Participants (as defined in paragraph (d) below) to contribute to the Group and to enable the Group to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group.

**(b) Conditions**

The Share Option Scheme is conditional upon: (a) the passing by the shareholder of the Company of an ordinary resolution to approve the adoption of the Share Option Scheme; (b) the passing by the shareholders of Tian An in general meeting of an ordinary resolution to approve the adoption of the Share Option Scheme by the Company pursuant to the Listing Rules; (c) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, any Shares which may be issued pursuant to the exercise of options under the Share Option Scheme; and (d) the commencement of the Listing of the Shares on the Stock Exchange.

**(c) Period of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the Share Option Scheme becomes unconditional after which period no further options will be granted and accepted; and thereafter for so long as there are any outstanding unexercised options granted and accepted pursuant thereto prior to the expiration of the said ten-year period and in order to give effect to the exercise of any such options or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

**(d) Who may join**

The Board may grant (subject to acceptance in accordance with the terms of the Share Option Scheme) an option to subscribe for such number of Shares as it may determine at a price determined in accordance with paragraph (e) below to any individual being an employee, officer, agent, consultant or representative of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors (a "Participant"), subject to such conditions as the Board may think fit, provided that no grants shall be made except to such number of Participants and in such circumstances that the Company will not be required under applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof; and will not result in the breach by the Company or its directors of any applicable securities laws and regulations or in any filing or other requirements arising.

**(e) Subscription price for the Shares under the Share Option Scheme**

The subscription price for the Shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board and notified to the relevant Participant at the time the grant of the options (subject to any adjustments made pursuant to paragraph (q) below) is made to (subject to acceptance by) the Participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the Share.

**(f) Maximum number of the Shares available for subscription**

The limit on the total number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of the Shares in issue from time to time. Options lapsed or cancelled in accordance with the terms of the Share Option Scheme or any other share option scheme(s) of the Company shall not be counted for the purpose of calculating the said 30% limit.

In addition, subject to below provided this paragraph (f), the total number of the Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company, must not represent more than 10% of the total number of the Shares in issue as at the date of commencement of the listing of the Shares on the Stock Exchange (the “Scheme Mandate Limit”). Options lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may seek separate approval from the Shareholders in general meeting to refresh the Scheme Mandate Limit, but in any event the total number of the Shares in respect of which options may be granted by the Board under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised options) will not be counted for the purpose of calculating such refreshed Scheme Mandate Limit. The Company may also seek separate approval from the Shareholders in general meeting in accordance with the relevant provisions of the Listing Rules for granting options to specified Participants beyond the Scheme Mandate Limit (or refreshed Scheme Mandate Limit) in respect of such number of the Shares and on such terms as may be specified in such approval.

**(g) Maximum number of options to each Participant**

The total number of the Shares issued and to be issued upon exercise of the options granted to each Participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company, within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the Shares in issue as at the proposed date of grant. Any further grant of options to a Participant in excess of the 1% limit shall be subject to the shareholders’ approval of the Company with such Participant and his/her associates abstaining from voting. The number and terms of the options to be granted to such Participant shall be fixed before the shareholders’ approval of the grant of such options.

**(h) Grant of options to connected persons**

Where any grant of options is proposed to be made to a Participant who is a director, chief executive or substantial shareholder (each has the meaning as ascribed under the Listing Rules) of the Company or any of their respective associates, such grant must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Participant).

Where the Board proposes to grant any option to a Participant who is a substantial shareholder or an independent non-executive director of the Company or any of their respective associates and such option which would result in the Shares issued and which may fall to be issued upon the exercise of all options already granted and to be granted (including options exercised,



cancelled and outstanding) to such person under the Share Option Scheme and any other share option scheme(s) of the Company in the 12-month period up to and including the proposed date of grant for such options:

- (i) representing in aggregate more than 0.1% of the number of the Shares then in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange daily quotations sheet on each relevant date of the grant (subject to acceptance) of the options, in excess of HK\$5,000,000.00,

such proposed grant of options must be approved by the Shareholders in general meeting at which all connected persons of the Company must abstain from voting (except where any connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

**(i) Offer and acceptance**

A grant of an option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the option on the terms on which it is to be granted including but not limited to the minimum period for which an option must be held before it can be exercised (if any) and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant for a period of twenty eight (28) days from the date of grant.

An option shall be deemed to have been accepted when the duplicate letter, comprising acceptance of the option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company.

**(j) Transferability of options**

An option shall be personal to the Grantee and shall not be assignable and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel the relevant grantee's outstanding options in whole or in part.

**(k) Performance target**

No performance target needs to be achieved by the grantee before the options can be exercised, unless otherwise determined by the Board.

**(l) Time of exercise of options**

An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than ten (10) years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

**(m) Rights on ceasing employment or death**

If the grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of the Group for any reason other than on death, ill health, disability or insanity or the termination of employment, office, agency, consultancy or representation on certain grounds specified in the Share Option Scheme, then, if the option period has not at the date of cessation commenced, the option shall lapse; and if the option period has commenced, the grantee may exercise the option up to his/her entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the option period or the date falling one (1) month from the date of such cessation, and such cessation date shall be the last actual day of employment, office, agency, consultancy or representation with the relevant member of the Group whether payment in lieu of notice is made or not (if applicable).

For the purposes of this paragraph (m), a grantee shall not be regarded as ceasing to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of the Group if he/she ceases to hold a position of employment, office, agency, consultancy or representation with a particular member of the Group but at the same time takes up a different position of employment, office, agency, consultancy or representation with another member of the Group.

**(n) Rights on death, ill health, disability or insanity**

If the grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of the Group by reason of death, ill health, disability or insanity before exercising the option in full and none of certain events which would be a ground for termination of his/her employment, office, agency, consultancy or representation specified in the Share Option Scheme arises, the grantee or his/her legal personal representative(s) shall be entitled after commencement of the option period until whichever is the earlier of the date of expiry of the option period or the date falling twelve (12) months from the date of cessation (or such longer period as the Board may determine) to exercise the option (to the extent not already exercised) up to his/her entitlement.

**(o) Rights on takeover**

If a general offer to acquire the Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and the Shareholders or otherwise in like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved (if required) in accordance with applicable laws and regulatory

requirements, becomes or is declared unconditional, the grantee (or his/her legal personal representative(s)) shall, even though the option period has not yet commenced, be entitled to exercise the option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the option period or the date falling fourteen (14) days from the date on which the offer becomes or is declared unconditional, after which the option shall lapse.

**(p) Rights on winding-up**

If a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than five (5) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the 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.

**(q) Effect on reorganisation of capital structure**

In the event of any capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of the Shares as consideration in respect of a transaction), corresponding adjustments (if any) shall be made in:

- (i) the number or nominal amount of the Shares subject to options so far as unexercised;
- (ii) the subscription price in relation to each outstanding option; and/or
- (iii) the method of exercise of the options,

provided that any such adjustments shall be made such that the proportion of the issued share capital of the Company to which an option entitles the grantee to subscribe after such adjustment must be the same as that to which the option entitled the grantee to subscribe immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value.

In respect of any adjustment required by the foregoing provisions, other than any adjustment made on a capitalisation issue, an independent financial adviser or the auditor for the time being of the Company must also confirm to the Board in writing that the adjustments satisfy the foregoing provisions and fairly and reasonably satisfy the requirement that any such adjustment shall be made in compliance with the provisions stipulated under Chapter 17 of the Listing Rules or such other guidelines and supplementary guidance on the interpretation of the Listing Rules issued or as may be issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to the Share Option Scheme).

In any event, any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

**(r) Ranking of Shares**

The Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof is before the date of allotment.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the grantee (or any other person) as the holder thereof.

**(s) Cancellation of options**

The Board may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any options granted but not exercised and grants new option to the same grantee, the grant of such new options may only be made under the Share Option Scheme if there is available unissued options (excluding the cancelled options) within each of the 10% limits as referred to in paragraph (f) above and there is available options (excluding the cancelled options) under the 1% limit for each Participant as referred to in paragraph (g) above.

**(t) Lapse of option**

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

- (i) the expiry of the option period;
- (ii) the expiry of any of the other periods referred to in paragraphs (m), (n) or (o);
- (iii) subject to paragraph (p) above, the earliest of the close of business on the 5th business day prior to the general meeting referred to in paragraph (p) above or the date of commencement of the winding-up of the Company;
- (iv) save as otherwise provided in paragraph (o) above or by the Court in relation to the Share Option Scheme in question, upon the sanctioning pursuant to the Companies Law by the Grand Court of the Cayman Islands of a compromise or arrangement between the Company and the Shareholders or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;

- (v) the date on which the grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of any relevant member of the Group by reason of the termination of his/her employment, office, agency, consultancy or representation on certain grounds specified in the Share Option Scheme including but not limited to, guilty of misconduct, bankruptcy or insolvency, having made any arrangement or composition with his creditors generally, or conviction of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal would be entitled to terminate his/her employment, office, agency, consultancy or representation at common law or pursuant to any applicable laws or under the grantee's service contract, terms of office, or agency, consultancy, or representation agreement or arrangement with the relevant member of the Group; or
- (vi) the date on which the Board exercises the Company's right to cancel the option because of a breach by the Grantee of the rules summarised in paragraph (j).

**(u) Alteration of the Share Option Scheme**

The terms of the Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Participants unless with the prior sanction of a resolution of the Shareholders in general meeting.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must first be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

**(v) Termination of the Share Option Scheme**

The Company may by ordinary resolution in general meeting terminate or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be granted but in all other respects the provisions of the Share Option Scheme in relation to any outstanding options shall remain in full force and effect. All options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme. On the assumption that 660,000,000 Shares are in issue on the date of commencement of dealings in the Shares on the Stock Exchange, the application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Shares on the Stock Exchange includes the 66,000,000 Shares which may be issued upon the exercise of the Options which may be granted under the Share Option Scheme.

**E. OTHER INFORMATION****1. Estate duty, tax and other indemnity**

Our Controlling Shareholders (the “Indemnifiers”) have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (5) of the subsection headed “Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis against, among other things, any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by our Company or any of its subsidiaries by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in Hong Kong or the PRC or any other relevant jurisdiction as a result or in consequence of any event or transaction occurring on or before the date upon which the Share Offer becomes unconditional (the “Relevant Date”).

The deed of indemnity also contains indemnities given jointly and severally by the Indemnifier in respect of taxation resulting from income, profits or gains earned, accrued or received on or before the Relevant Date which might be payable by any member of our Group. The Indemnifier shall be under no liability under the deed of indemnity in respect of taxation:

- (a) to the extent that provision has been made for such taxation in the combined audited accounts of the Company as set out in the accountants’ reports set out in Appendix I to this prospectus and for each of the three years ended 31 December 2010 and the six months ended 30 June 2011;
- (b) for which any member of our Group is liable as a result of any event occurring or income or profits earned, accrued or received or alleged to have been 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 Relevant Date;
- (c) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the Relevant Date or carried out, made or entered into pursuant to a legally binding commitment created after the Relevant Date;
- (d) to the extent that such taxation or liability is discharged by another person who is not the Company or any members of our Group and that our Company or such Group member is not required to reimburse such person in respect of the discharge of the taxation or liability; and

- (e) to the extent that the relevant taxation claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Relevant Date or to the extent that such claim arises or is increased by an increase in the rates of taxation after the Relevant Date with retrospective effect.

Pursuant to the deed of indemnity, the Controlling Shareholders also agree and undertake to indemnify our Group on demand in respect of and to the extent of, any losses, liabilities or damages suffered or incurred by or falling on any of the companies of our Group in respect of and to the extent of arising from or relating to operations of our Group before the Listing Date including but not limited to losses, liabilities or damages suffered or incurred by our Group in respect of and to the extent of arising from or relating to the following including but not limited to those disclosed in this prospectus:

- (a) illegal use or occupation of land wherever situated including but not limited to failure to obtain relevant title documents in respect of land and/or properties in the PRC; or
- (b) non-compliance of any legal and/or regulatory requirements of any jurisdiction, including but not limited to:
  - (i) breach of land use rights or failure to make payment of duty or tax;
  - (ii) failure to pay all or any part of pension premium or housing provident fund for any employees of the Group and failure to deduct employee's salary or remuneration payment of the employee's corresponding contributions on behalf of employees;
  - (iii) failure to obtain the relevant licenses and permits for the operation of our Group.
- (c) additional liability in the maximum amount of HK\$4 million incurred by the Group under the legal proceedings as disclosed in the section headed "Business — Legal Proceedings — Former limestone excavation contractor" and sub-paragraph 2(b) in the paragraph headed "Litigations" under this section if the final aggregate amounts ordered by the relevant government authorities to be paid by the Group in those proceedings exceeds the provision made by the Group as at 30 June 2011 in the approximate amount of HK\$4.4 million;
- (d) claims arising from operation of our Group's businesses, tortious or contractual or otherwise, including but not limited to:
  - (i) personal injury; or
  - (ii) misrepresentation,

- (e) any non-compliance or breach of General Rule on Lending (貸款通則) for granting of financial assistance to Tian An Shanghai whereby any interest income earned by way of financial assistance is subject to confiscation and the Group is subject to a maximum fine up to 5 times of the interest income as imposed by The People's Bank of China (中國人民銀行);

save and except such losses, liabilities or damages arise or are incurred as a result of a retrospective change in law (but not implementation of law) coming into force after the Listing Date.

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

## 2. Litigations

As at the Latest Practicable Date, there were two legal proceedings commenced against the Group with details as follows:

- (a) a former employee initiated legal proceedings against Allied Wangchao, claiming personal injuries damages in the total sum of RMB1,128,057 at Taierzhuang District People's Court (台兒莊區人民法院) in connection with an accident in Allied Wangchao plant on 31 August 2005. Judgment of the first trial was made against Allied Wangchao, ordering us to pay RMB1,115,388.6 to this employee. On 12 October 2010, we appealed to the Zaozhuang City Intermediate People's Courts (棗莊市中級人民法院) which set aside Taierzhuang District People's Courts' judgment on 20 December 2010 and remitted the case for re-trial. The re-trial has been conducted and the re-trial judgment would be delivered. The judgement was still pending; and
- (b) a former limestone excavation services provider (the "Former Contractor") initiated legal proceedings against Allied Wangchao and Shandong SAC in November 2009 at Zaozhuang City Intermediate People's Court (棗莊市中級人民法院) for the failure of Allied Wangchao to settle services fees in respect of infrastructure at Langshan, Taierzhuang (台兒莊狼山礦區) and supply of limestone excavated from Langshan quarry in accordance with the contract entered into between Allied Wangchao and the Former Contractor on 6 September 2004. Under this legal proceeding, the Former Contractor claimed for outstanding services fee for infrastructure of approximately RMB2.7 million and for excavation and supply of minerals of approximately RMB4.3 million, totaling approximately RMB7 million. In addition, the Former Contractor further claimed for damages of RMB1.4 million for alleged breach of contract. Allied Wangchao and Shandong SAC counterclaimed against the Former Contractor for the damages of approximately RMB2.8 million as compensation for the monetary losses caused by the Former Contractor's failure to provide Allied Wangchao the relevant invoices for claiming VAT refund in the same year. On 5 July 2010, the Zaozhuang City Intermediate People's Court handed down a judgement in favour of the Former Contractor, concluding that Allied Wangchao and Shandong SAC shall pay the Former Contractor a total sum of approximately RMB8.4 million. Our Group appealed to a higher court and on 10 December 2010, the Shandong Province High People's Court (山



東省高級人民法院) set aside the judgement of the Zaozhuang City Intermediate People's Court and remit the case for re-trial. The re-trial has been conducted and the retrial judgment would be delivered. The judgement was still pending.

Save as disclosed above, as at the Latest Practicable Date, neither our Company nor any other member of our Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group.

### 3. Sponsor

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

### 4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$43,557 and are payable by our Company.

### 5. Qualifications of experts

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

Name	Qualification
Altus Capital	Licensed corporation under the SFO to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
P.C. Woo & Co.	Legal adviser to our Company as to Hong Kong laws
Zhong Lun W&D Law Firm	Legal adviser to our Company as to PRC laws
Appleby	Legal adviser to our Company as to Cayman Islands laws
Deloitte Touche Tohmatsu	Certified public accountants
Norton Appraisals Limited	Property valuer

**6. Consents of experts**

Each of Atlas Capital, P.C. Woo & Co., Zhong Lun W&D Law Firm, Appleby, Deloitte Touche Tohmatsu and Norton Appraisals Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or valuation certificate (as the case may be) and/or the references to its name included herein in the form and context in which they are respectively included.

As at the Latest Practicable Date and save as disclosed in this prospectus, none of the experts named in the section headed “Qualifications of experts” in this Appendix had any shareholding interests in any of our member or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any of our member.

**7. 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.

**8. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of the Directors nor any of the parties whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other information” in this Appendix V is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, 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; and
- (b) none of the Directors nor any of the parties whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other information” in this Appendix V 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.

**9. Miscellaneous**

- (a) Save as disclosed in this prospectus:
  - (i) 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;
  - (ii) 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;
  - (iii) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

- (iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commissions to underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company; and
- (v) the Directors confirm that since 30 June 2011 (being the date to which the latest audited financial statements of our Group were made up), there has been no material adverse change in the financial or trading position or prospects of our Group.

**10. Bilingual prospectus**

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