

STRUCTURE OF THE GLOBAL OFFERING

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$4.20 and is expected to be not less than HK\$2.95, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK\$4.20 per Offer Share plus a 1.0% brokerage fee, 0.005% Hong Kong Stock Exchange trading fee and 0.003% SFC transaction levy. This means that, for one board lot of 1,000 Offer Shares, you should pay HK\$4,242.34 at the time of your application.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$4.20, we will refund the respective difference, including the brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. Please refer to the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus for further details.

DETERMINATION OF THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us and the Joint Global Coordinators, on behalf of the Underwriters, on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around Friday, May 20, 2011 and in any event, no later than Tuesday, May 24, 2011. The Offer Price will not be more than HK\$4.20 per Offer Share and is expected to be not less than HK\$2.95 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with our consents, reduce the number of Offer Shares and/or the indicative offer price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and the websites of our Company at www.china-flooring.com.hk and the Stock Exchange at www.hkexnews.hk of the reduction in the number of Offer Shares and/or the indicative offer price range.

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon among the Joint Global Coordinators, on behalf of the Underwriters, and us, will be fixed within such revised offer price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the section headed “Financial Information — Working Capital” in this prospectus, the offering statistics as currently disclosed in the section headed “Summary” in this prospectus, the use of proceeds in the section headed “Future Plan and Use of Proceeds” in this prospectus and any other financial information which may change as a result of such reduction. If you have already submitted an application for Hong Kong Offer Shares before the last day for lodging applications under the Hong

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Kong Public Offering, you will not be allowed to subsequently withdraw your application, even if the number of Offer Shares and/or the offer price range is reduced. If we do not publish a notice as described above in respect of a reduction in the number of Offer Shares and/or the indicative offer price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the offer price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Global Coordinators, on behalf of the Underwriters, on the Offer Price by Tuesday, May 24, 2011, the Global Offering will not proceed and will lapse. We expect to publish an announcement of the Offer Price as finally determined, together with the level of interest in the International Offering and the application results and basis of allotment of the Hong Kong Offer Shares, on Wednesday, May 25, 2011.

THE GLOBAL OFFERING

The Global Offering consists of the Hong Kong Public Offering and the International Offering. We intend to initially make available up to 373,340,000 Offer Shares under the Global Offering, of which 336,006,000 Offer Shares will be conditionally placed at the Offer Price pursuant to the International Offering and the remaining 37,334,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering subject, in each case, to reallocation on the basis described under the paragraph headed “— The Hong Kong Public Offering” below.

The 373,340,000 Offer Shares in the Global Offering will represent approximately 25% of our enlarged share capital immediately after the completion of the Global Offering (assuming no exercise of the Over-allotment Option, and taking no account Shares which may be issued pursuant to the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme).

You may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but you may not apply in both offerings for the Offer Shares. In other words, you may only apply for and receive either Hong Kong Offer Shares under the Hong Kong Public Offering or International Offer Shares under the International Offering, but not under both offerings. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the US Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares to investors under the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the listing of our Shares on the Stock Exchange. Such allocation is

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intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. Although we may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Over-allotment Option

In connection with the Global Offering, our Company intends to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters. The Over-allotment Option gives the Joint Global Coordinators (on behalf of the International Underwriters) the right, exercisable at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 56,001,000 additional new Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. The Joint Global Coordinators may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. In the event that the Over-allotment Option is exercised, we will make an announcement.

Stock Borrowing Agreement

In order to facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 56,001,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from Freewings pursuant to the Stock Borrowing Agreement, or acquire Shares from other sources, including exercising the Over-allotment Option or making purchases in the secondary market at prices not exceeding the Offer Price. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follow:

- (i) such stock borrowing arrangement with Freewings will be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- (ii) the maximum number of Shares borrowed from Freewings under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;
- (iii) the same number of Shares so borrowed must be returned to Freewings or its nominees (as the case may be) on or before the third business day following the earlier of (a) the

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last day on which the Over-allotment Option may be exercised; or (b) the day on which the Over-allotment Option is exercised in full;

- (iv) the stock borrowing arrangement will be effected in compliance with all applicable laws, rules and other regulatory requirements; and
- (v) no payment will be made to Freewings by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

Conditions of the Global Offering

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Offering are subject to the conditions described in the section headed “Underwriting — Underwriting Arrangements and Expenses” to this prospectus. In particular, we and the Joint Global Coordinators, on behalf of the Underwriters, must agree on the Offer Price. The Hong Kong Underwriting Agreement was entered into on May 13, 2011 and, subject to an agreement on the Offer Price between the Joint Global Coordinators, on behalf of the Hong Kong Underwriters, and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement (including the agreement on the Offer Price between us and the Joint Global Coordinators, on behalf of the International Underwriters for purposes of the International Offering) is expected to be entered into on the Price Determination Date, which is expected to be on Friday, May 20, 2011. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of and permission to deal in our Shares in issue and to be issued as described in this prospectus, and such listing and permission not having been subsequently revoked prior to the commencement of dealings in our Shares on the Hong Kong Stock Exchange;
- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

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If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Hong Kong Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and in the websites of our Company at www.china-flooring.com.hk and the Stock Exchange at www.hkexnews.hk on the day after such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms described in the sections headed “How to Apply for the Hong Kong Offer Shares — Publication of Results; Refund of Application Monies; and Dispatch/Collection of Share Certificates/e-Refund payment instructions/Refund Cheques” to this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to dispatch share certificates for the Offer Shares on Wednesday, May 25, 2011. However, these share certificates will only become valid certificates of title on 8:00 a.m. on Thursday, May 26, 2011 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting” in this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed “— The Global Offering — Conditions of the Global Offering” above) for the subscription in Hong Kong of, initially, 37,334,000 Offer Shares at the Offer Price (representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming no exercise of the Over-allotment Option and taking no account of Shares which may be issued upon the exercise of the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme.

The total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5,000,000 (excluding the brokerage, the Hong Kong Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5,000,000 (excluding the brokerage, the Hong Kong Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

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Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this sub-section only, the “subscription price” for the Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of the 37,334,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 18,667,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant’s application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments in the event of over-subscription under the Hong Kong Public Offering:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then International Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 112,002,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 149,336,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International

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Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 186,670,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for sale under the International Offering will be 336,006,000 Offer Shares, representing approximately 90% of the Offer Shares initially available under the Global Offering and 22.5% of our enlarged issued share capital immediately after completion of the Global Offering (assuming no exercise of the Over-allotment Option, and taking no account Shares which may be issued pursuant to the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme).

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions meeting the requirements of, and in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the US Securities Act. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

The Joint Global Coordinators, on behalf of the Underwriters, may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.