

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

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on May 31, 2010.

Pursuant to a special resolution passed by the then sole Shareholder on June 18, 2010, we changed our name from “Power Wealth International Holdings Ltd.” into “Power Wealth International Holdings Limited 力富國際控股有限公司” on June 21, 2010. Pursuant to special resolution passed by the then sole Shareholder on October 28, 2010, we changed our name into “Xiangyu Port Construction Limited 翔宇港建有限公司” on November 3, 2010. We further changed our name into “Xiangyu Dredging Holdings Limited 翔宇疏浚控股有限公司” on February 8, 2011 upon approval by our then sole Shareholder by way of special resolution passed on January 28, 2011.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises a memorandum of association and the Articles. A summary of the relevant laws and regulations of the Cayman Islands and of our Company’s constitution is set out in Appendix VI to this prospectus.

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

As of the date of incorporation of our Company, the authorized share capital was HK\$200,000 divided into 2,000,000 Shares having a par value of HK\$0.10 each. On May 31, 2010, one subscriber Share was allotted and issued, nil paid, to Codan Trust Company (Cayman) Limited, which was transferred to Mr. Liu on the same date, and we further allotted and issued another 999,999 nil-paid Shares to Mr. Liu. The said 1,000,000 nil-paid Shares were subsequently credited as fully paid in the manner described in paragraph 4 headed “Group reorganization” below.

The authorized share capital of our Company was conditionally increased from HK\$200,000 to HK\$1,000 million by the creation of 9,998,000,000 new Shares which was approved pursuant to a resolution passed by the then sole Shareholder on April 19, 2011.

Immediately following the completion of the Global Offering and the Capitalization Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), our authorized share capital will be HK\$1,000 million divided into 10,000,000,000 Shares, of which 800,000,000 Shares will be issued fully paid or credited as fully paid, and 9,200,000,000 Shares will remain unissued.

Other than pursuant to the exercise of the options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorized but unissued share capital of our Company and, without the 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 disclosed in this paragraph, there has been no alteration in the share capital of our Company since its incorporation.

**3. Resolutions in writing of all Shareholders passed on May 24, 2011**

Pursuant to resolutions in writing of all the Shareholders passed on May 24, 2011, the following resolutions, among other resolutions, were duly approved:

- (a) the Articles which came into effect on May 24, 2011 were approved and adopted;
- (b) conditional on all the conditions set out in “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” in this prospectus being fulfilled:
  - (i) the Global Offering was approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering, and to approve the transfer of the Shares held by the Selling Shareholder upon the exercise of the Over-allotment Option;
  - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” of this Appendix, were approved and adopted and our Directors were authorized to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
  - (iii) conditional on the share premium account of our Company being credited as a result of the issue of new Shares under the Global Offering, our Directors were authorized to capitalize HK\$50 million standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 500,000,000 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on May 24, 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorized to give effect to such capitalization;
  - (iv) (1) subject to sub-paragraph (3) of this paragraph (iv), pursuant to the Listing Rules, the exercise by our Directors during the Relevant Period (as defined in paragraph (vi) of this resolution) to allot, issue and deal with unissued Shares in the capital of our Company and to make or grant offers, agreements and options which may require the exercise of such powers was generally and unconditionally approved;
  - (2) the approval in sub-paragraph (1) of this paragraph (iv) shall authorise our Directors during the Relevant Period to make or grant offers, agreements and options which may require the exercise of such powers after the expiry of the Relevant Period;

- (3) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by our Directors pursuant to the approval in paragraph (1) of this paragraph (iv), otherwise than pursuant to (a) a Rights Issue (as defined below); or (b) any scrip dividend scheme or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association; or (c) the grant of options under the Share Option Scheme or the exercise of any options which have been or may be granted under the Share Option Scheme; or (d) any issue of Shares upon exercise of rights of subscription or conversion attaching to any warrants of our Company of any securities which are convertible into Shares; or (e) the Global Offering or the Capitalization Issue, shall not exceed the sum of:
- (aa) 20 per cent. of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue, but excluding (where applicable) any Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme; and
- (bb) (if our Directors are so authorised by a separate resolution of the Shareholders of our Company) the aggregate nominal amount of any share capital of our Company purchased by our Company subsequent to the passing of this resolution up to a maximum equivalent of 10 per cent. of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue, but excluding (where applicable) any Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme;
- and the said approval shall be limited accordingly; and
- (4) for the purposes of this paragraph (iv), “Rights Issue” means an offer of Shares in the capital of our Company or an offer or issue of warrants or options to subscribe for Shares in the capital of our Company open for a period fixed by our Directors to Shareholders of our Company whose names appear on our Company’s register of members on a fixed record date in proportion to their then holdings of Shares in our Company (subject to such exclusions or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or in any territory outside Hong Kong, or the expense or delay that may be incurred in the determination of any such restrictions or obligations);
- (v) (1) subject to sub-paragraph (2) of this paragraph (v), the exercise by our Directors during the Relevant Period (as defined in paragraph (vi) of this resolution) of all the powers of our Company to purchase its Shares on the Stock Exchange or on

any other stock exchange on which the securities of our Company may be listed and recognised by the SFC and the Stock Exchange for this purpose was generally and unconditionally approved;

- (2) the aggregate nominal amount of Shares in the capital of our Company which may be purchased or agreed to be purchased by our Company pursuant to the authority granted under sub-paragraph (1) of this paragraph (v) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme and the authority pursuant to sub-paragraph (1) of this paragraph (v) shall be limited accordingly;
- (vi) for the purposes of paragraphs (iv) and (v) of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of our Company;
  - (2) the date by which the next annual general meeting of our Company is required by the Articles of Association or the Companies Law or any other applicable law to be held; and
  - (3) the passing of an ordinary resolution by Shareholders of our Company in general meeting revoking or varying the authority given to our Directors by paragraph (iv) or (v) (as the case may be) of this resolution.
- (vii) the general mandate granted to our Directors pursuant to paragraph (iv) above was extended by the addition to the aggregate nominal amount of the Shares which may be allotted, issued or dealt with by our Directors pursuant to or in accordance with such mandate of an amount representing the aggregate nominal amount of the Shares in the capital of our Company purchased by our Company pursuant to or in accordance with the authority granted under paragraph (v) above.

#### 4. Group reorganization

The companies comprising our Group underwent the Reorganization to rationalize our Group’s structure in preparation for the listing of the Shares on the Stock Exchange and the Company became the holding company of the Group.

The Reorganisation involved the transfer on April 19, 2011 to the Company by Wangji Limited of an aggregate of 20,000 shares of US\$1.00 each in Power Wealth BVI (representing its entire issued share capital), the intermediate holding company of the Group, in consideration and in exchange for which the Company (i) allotted and issued, credited as fully paid, 99,000,000 Shares to Wangji Limited, and (ii) credited as fully paid at par the 1,000,000 nil-paid Shares then held by Wangji Limited.

In addition to the transfer of shares in Power Wealth BVI referred to above, the Group also underwent the following corporate restructuring:

- (a) on May 31, 2010, our Company was incorporated in the Cayman Islands as an exempted company under the Companies Law with an authorized share capital of HK\$200,000 divided into 2,000,000 shares having a par value of HK\$0.10 each. On May 31, 2010, one subscriber share having a par value of HK\$0.10 was transferred by its subscriber to Mr. Liu at nil consideration and an aggregate of 999,999 nil-paid Shares were allotted and issued by us to Mr. Liu;
- (b) on June 11, 2010, Xiangyu PRC was established as a wholly foreign-owned enterprise in the PRC with Power Wealth HK being its sole equity-holder. The total investment amount and the registered capital of Xiangyu PRC on its establishment were US\$2,000,000 and US\$2,000,000 respectively, and were subsequently approved to be increased to US\$29 million and US\$15 million on July 14, 2010 respectively;
- (c) on May 17, 2010, Power Wealth BVI was incorporated in BVI, and its authorized share capital was US\$50,000 divided into 50,000 shares having a par value of US\$1.00 each. On June 18, 2010, Power Wealth BVI allotted and issued one share to Mr. Liu;
- (d) on June 30, 2010, Power Wealth BVI acquired from Mr. Liu an aggregate of 100,000 shares having a par value of HK\$1 each in Power Wealth HK, representing its entire issued share capital, in consideration of and in exchange for which Power Wealth BVI allotted and issued, credited as fully paid, an aggregate of 9,999 new shares having a par value of US\$1.00 each in its share capital to Mr. Liu;
- (e) on August 18, 2010, (i) Mr. Liu transferred the entire issued share capital of our Company (being 1,000,000 nil-paid Shares) to Wangji Limited in consideration of which one share having a par value of US\$1.00 was allotted and issued by Wangji Limited to Mr. Liu and (ii) Mr. Liu transferred the entire issued share capital of Power Wealth BVI (being 10,000 shares having a par value of US\$1.00 each) to Wangji Limited in consideration of which 99 shares having a par value of US\$1.00 each were allotted and issued by Wangji Limited to Mr. Liu;
- (f) on September 18, 2010, Wangji Limited injected HK\$200 million to apply for 10,000 shares having a par value of US\$1.00 each in Power Wealth BVI. Immediately following such allotment of 10,000 shares, Power Wealth BVI had 20,000 shares having a par value of US\$1.00 each in issue, all of which were owned by Wangji Limited; and
- (g) on April 19, 2011, all the agreements constituting the Contractual Arrangements were entered into between Xiangyu PRC, the PRC Operational Entity, Mr. Liu and Ms. Zhou (as the case may be).

## 5. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the accountants' report set out in Appendix I to this prospectus.

Save for the alterations disclosed in the section headed "History, Reorganization and Corporate Structure" of this prospectus, there is no other alteration in the share capital or registered share capital of our subsidiaries which took place within the two years immediately preceding the date of this prospectus.

## 6. Further information about our Group's PRC establishments

Our Group has interest in the registered capital of Xiangyu PRC established in the PRC. Further, the PRC Operational Entity is accounted for as subsidiary of our Company by way of the Contractual Arrangements. A summary of the corporate information of these enterprises as at the Latest Practicable Date is set out as follows:

### *Xiangyu PRC*

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| (i) Name of the enterprise:              | 江蘇翔宇港建工程管理有限公司<br>(Jiangsu Xiangyu Port Constructing Project Administration Co., Ltd.*)  |
| (ii) Economic nature:                    | Wholly foreign-owned enterprise  |
| (iii) Registered holder:                 | Power Wealth HK  |
| (iv) Total investment:                   | US\$29 million   |
| (v) Registered capital:                  | US\$15 million (fully paid-up)   |
| (vi) Attributable interest to our Group: | 100%   |
| (vii) Term of operation:                 | From June 11, 2010 to June 10, 2030  |
| (viii) Scope of business:                | Port construction project management services, dredging project management services, municipal project management services, project management consulting services, enterprises management consulting services, project design consulting services, investment consulting services (except for those being subject to specific State regulations), engineering information consulting services |

*PRC Operational Entity*

- (i) Name of the enterprise: 江蘇興宇港建有限公司  
(Jiangsu Xingyu Port Construction Company Limited\*)
- (ii) Economic nature: PRC limited company
- (iii) Registered holders: Mr. Liu (98.47%) and Ms. Zhou (1.53%)
- (iv) Registered capital: RMB39,315,800 (fully paid-up)
- (v) Attributable interest to our Group: 100%
- (vi) Term of operation: Indefinite from July 13, 2007
- (vii) Scope of business: Design and construction for engineering works concerning ports, waterways, and municipal projects, and engineering works for buildings and related structures; import and export of different types of commodities and technologies owned by itself or as agent (except for commodities and technologies which have to be operated by permitted enterprises or which are prohibited by the State to be imported or exported)

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

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

*(a) Relevant legal and regulatory requirements in Hong Kong*

The Listing Rules permit shareholders to grant a general mandate to the directors of a company to repurchase shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by shareholders in general meeting.

*(b) Shareholders' approval*

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

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*Note:* Pursuant to a resolution in writing passed by all Shareholders on May 24, 2011, the Repurchase Mandate was given to our Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the



Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(c) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by us may be made out of our profits or our share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorized by the Articles and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of our profits or from sums standing to the credit of our share premium account or, if authorized by the Articles and subject to the Companies Law, out of capital.

(d) *Status of repurchased shares*

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares may be treated as cancelled and the amount of the company's issued share capital will be reduced by the aggregate par value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(e) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares on the Stock Exchange at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarter or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the Shares on the Stock Exchange if our Company has breached the Listing Rules.



(f) *Procedural and reporting requirements*

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company makes a purchase of Shares, such report shall contain the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant. Our Company shall also confirm that the purchase(s) which was/were made on the Stock Exchange were made in accordance with the Listing Rules and if our Company's primary listing is on the Stock Exchange, that there have been no material changes to the particulars contained in the explanatory statement as set out in this paragraph 7 (or to be sent by our Company to its Shareholders from time to time in compliance with Rule 10.06(1)(b) of the Listing Rules). In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly breakdown of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by our Company for such purchases. The Directors' report contained in the annual report shall also contain reference to the purchases made during the year and our Directors' reasons for making such purchases.

(g) *Connected parties*

Our Company is prohibited from knowingly repurchasing Shares on the Stock Exchange from a "connected person" (as defined in the Listing Rules) and a connected person may not knowingly sell his securities to our Company on the Stock Exchange.

(h) *Reasons for repurchases*

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

(i) *Funding of repurchases*

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

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our 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 Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing (assuming that any options that may be granted under the Share Option Scheme are not exercised at all), would result in up to 80,000,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(j) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

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

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

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

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

## **8. Registration under Part XI of the Companies Ordinance**

Our Company has established our head office and a principal place of business in Hong Kong for the purpose of registration under Part XI of the Companies Ordinance at Office 19, 36th Floor, China Merchants Tower, Shun Tak Centre, No. 168–200 Connaught Road Central, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Ms. Elsie Wong, the company secretary of our Company has been appointed as agent of our Company for the acceptance of service of process in Hong Kong.

## FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

**9. Summary of material contracts**

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

- (a) a deed of guarantee and share charge dated as of September 7, 2010 and executed by Mr. Liu, Wangji Limited and Power Wealth BVI in favour of Hong Jun for purpose of creating collaterals over, among other companies, the entire issued share capital in each of the Company, Power Wealth BVI and Power Wealth HK for securing the performance of payment and other obligations of Wangji Limited under the HJ Pre-IPO Note Purchase Agreement and the HJ Pre-IPO Warrant Agreement, brief details of which are set out in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”;
- (b) a share pledge (in Chinese) dated as of September 7, 2010 and executed by Power Wealth HK in favour of Hong Jun for purpose of creating collaterals over the entire registered capital in Xiangyu PRC for securing the performance of payment and other obligations of Wangji Limited under the HJ Pre-IPO Note Purchase Agreement and the HJ Pre-IPO Warrant Agreement, brief details of which are set out in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”;
- (c) a deed of partial release relating to the HJ Pre-IPO Note Purchase Agreement dated as of October 4, 2010 by and among Mr. Liu, Wangji Limited, Power Wealth BVI and Hong Jun, pursuant to which 40% of the collaterals created by the deed of guarantee and share charge (as mentioned in item (a) above of this paragraph 9) over, among other companies, the issued share capital in each of the Company, Power Wealth BVI and Power Wealth HK were released by Hong Jun and reassigned to the respective pledgors;
- (d) a deed of partial release (in Chinese) (relating to the pledge created by the share pledge as mentioned in item (b) above of this paragraph 9 over the registered capital of Xiangyu PRC) dated as of October 4, 2010 and executed by Power Wealth HK and Hong Jun, pursuant to which 40% of the pledge over the registered capital of Xiangyu PRC was released by Hong Jun and reassigned to Power Wealth HK;
- (e) a deed of guarantee and share charge dated as of October 4, 2010 by and among Mr. Liu, Wangji Limited and Power Wealth BVI in favour of Apex Ally for the purpose of creating collaterals over, among other companies, 40% of the issued share capital in each of the Company, Power Wealth BVI and Power Wealth HK for securing the performance of payment and other obligations of Wangji Limited under the AA Pre-IPO Note Purchase Agreement and the AA Pre-IPO Warrant Agreement, brief details of which are set out in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”;
- (f) a share pledge (in Chinese) dated as of October 4, 2010 and executed by Power Wealth HK in favour of Apex Ally for purpose of creating collaterals over 40% of the registered capital in Xiangyu PRC for securing the performance of payment and other obligations of Wangji

Limited under the AA Pre-IPO Note Purchase Agreement and the AA Pre-IPO Warrant Agreement, brief details of which are set out in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”;









- (g) a ship mortgage contract (in Chinese) dated December 31, 2010 and executed by Xiangyu PRC in favour of Hong Jun and Apex Ally for purpose of creating collaterals over the ownership of the two dredgers (namely Kaijin No. 1 and Kaijin No. 3) held by Xiangyu PRC (*i.e.*, 50% interests in each of such dredgers) for securing the performance of payment and other obligations of Wangji Limited under the HJ Pre-IPO Note Purchase Agreement, the AA Pre-IPO Note Purchase Agreement, the HJ Pre-IPO Warrant Agreement and the AA Pre-IPO Warrant Agreement, brief details of which are set out in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”;
- (h) a supplemental agreement dated March 1, 2011 and entered into between Wangji Limited, Mr. Liu, Power Wealth BVI, Power Wealth HK, Xiangyu PRC and Apex Ally for the purpose of amending and supplementing certain terms of the AA Pre-IPO Note Purchase Agreement and related transaction documents concerning (among other matters) the time of discharge of the share pledge created over the equity interest in Xiangyu PRC and the procedure in the exercise of the Pre-IPO Warrants;
- (i) a supplemental agreement dated March 3, 2011 and entered into between Wangji Limited, Mr. Liu, Power Wealth BVI, Power Wealth HK, Xiangyu PRC and Hong Jun of amending and supplementing certain terms of the HJ Pre-IPO Note Purchase Agreement and related transaction documents concerning (among other matters) the time of discharge of the share pledge created over the equity interest in Xiangyu PRC and the procedure in the exercise of the Pre-IPO Warrants;
- (j) the Composite Services Agreement (in Chinese) dated April 19, 2011 and entered into between Xiangyu PRC and the PRC Operational Entity pursuant to which the PRC Operational Entity has agreed to engage Xiangyu PRC on an exclusive basis to provide enterprise management and consultancy services, dredging project management and consultancy and other related services and in return, Xiangyu PRC will charge for such services rendered on the basis of the total audited revenue of the PRC Operational Entity, after deducting all the related costs of sales, expenses, taxes and statutory reserve as audited by such certified public accountants of the PRC, and the duration of such Composite Services Agreements and other terms stated in the section headed “Business — Contractual Arrangements — Composite Services Agreement”;
- (k) the Option Agreement (in Chinese) dated April 19, 2011 and entered into by and among Xiangyu PRC, the PRC Operational Entity, Mr. Liu and Ms. Zhou whereby Xiangyu PRC has been granted option to acquire, directly or through one or more nominees, the entire equity interest in the PRC Operational Entity held by Mr. Liu and Ms. Zhou at a price equivalent to the fair market value of such equity interest or, where applicable, the minimum amount as may be permitted by the applicable PRC laws, while Xiangyu PRC may exercise such option at any time and in any manner at its sole discretion subject to compliance with the PRC laws, and other rights as summarized in the section headed “Business — Contractual Arrangements — Option Agreement” of this prospectus;

- (l) the Proxy Agreement (in Chinese) dated April 19, 2011 and entered into between Xiangyu PRC, the PRC Operational Entity, Mr. Liu and Ms. Zhou, pursuant to which Mr. Liu and Ms. Zhou have unconditionally and irrevocably undertaken to authorize such person(s) as designated by Xiangyu PRC to exercise the shareholders' rights in relation to appointment of proxy and exercise of voting rights in the PRC Operational Entity, and other rights conferred under such agreement, which are briefly summarized in the section headed "Business — Contractual Arrangements — Proxy Agreement" of this prospectus;
- (m) the Equity Pledge Agreement (in Chinese) dated April 19, 2011 and entered into by and among Xiangyu PRC, the PRC Operational Entity, Mr. Liu and Ms. Zhou whereby Mr. Liu and Ms. Zhou granted, among other rights, continuing first priority security interests over their respective equity interests in the PRC Operational Entity to Xiangyu PRC for securing, among other matters, the performance of the Composite Services Agreement, the Option Agreement and the Proxy Agreement, whose terms are briefly summarized in the section headed "Business — Contractual Arrangements — Equity Pledge Agreement" of this prospectus;
- (n) three several Vessel Pledge Agreements (in Chinese) all dated April 19, 2011 and entered into between the PRC Operational Entity and Xiangyu PRC, pursuant to which the PRC Operational Entity has pledged in favor of Xiangyu PRC (i) its entire interest in the dredger "Zhuayang No. 101"; (ii) its 50% interest in the dredger "Kaijin No. 1" and (iii) its 50% interest in the dredger "Kaijin No. 3", as security for the due payment of the consultation service fees and repayment of the surety money then owing by the PRC Operational Entity to Xiangyu PRC under the Composite Services Agreement. Brief terms of such agreements are summarized in the section headed "Business — Contractual Arrangements — Vessel Pledge Agreements" of this prospectus;
- (o) a share purchase agreement dated April 19, 2011 and entered into between Wangji Limited as vendor, Mr. Liu as warrantor and our Company as purchaser, pursuant to which our Company acquired the entire issued share capital of Power Wealth BVI in consideration of and in exchange for which our Company (i) allotted and issued, credited as fully paid, an aggregate of 99 million Shares to Wangji Limited; and (ii) credited as fully paid at par the 1,000,000 nil-paid Shares then held by Wangji Limited, which agreement also contains certain non-compete undertakings given by Wangji Limited and Mr. Liu in favour of the Company;
- (p) a deed of non-competition dated May 24, 2011 and executed by our Controlling Shareholders in favor of our Company (for the Company and for the benefit of its subsidiaries stated therein) containing certain non-compete undertakings more particularly referred to in the paragraph headed "Non-competition undertakings and confirmation" in the section headed "Relationship with Controlling Shareholders" of this prospectus;
- (q) a deed of indemnity dated May 24, 2011 and executed by our Controlling Shareholders in favor of our Company (for the Company and as trustee for its subsidiaries stated therein) containing the indemnities more particularly referred to in the paragraph headed "Estate duty, tax and other indemnities" of this Appendix; and
- (r) the Hong Kong Underwriting Agreement.




## 10. Intellectual property rights of our Group

*Trademarks*(a) *Trademarks*

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

No.	Trademark	Place of registration	Class	Validity period	Registration number(s)
1.	     	Hong Kong	37	From September 2, 2010 to September 1, 2020	301705022
2.	 	Hong Kong	37	From October 21, 2010 to October 20, 2020	301742661





As at the Latest Practicable Date, we made applications for registration of the following trademarks, the registration of each of which has not yet been granted:

No.	Trademark	Place of application	Class	Date of application	Application number
1.	<b>翔宇港建</b> Xiangyu Port Construction	Hong Kong	37	October 27, 2010	301747134
2.	<b>翔宇疏浚</b> Xiangyu Dredging	Hong Kong	37	February 1, 2011	301825687
3.	<b>力富國際</b> POWER WEALTH	PRC	37	September 1, 2010	8627661
4.		PRC	37	September 1, 2010	8627662
		PRC	35, 36, 42	February 14, 2011	9119662, 9119661, 9119660
5.		PRC	35, 36, 37, 42	October 25, 2010	8772180, 8772179, 8772178, 8772177
6.	<b>翔宇港建</b> Xiangyu Port Construction	PRC	35, 36, 37, 42	October 25, 2010	8772176, 8772175, 8772174, 8772173
7.	<b>翔宇疏浚</b> Xiangyu Dredging	PRC	35, 36, 37, 42	February 14, 2011	9119666, 9119665, 9119664, 9119663



As at the Latest Practicable Date, our Group had the following copyright recordation:

(b) *Copyright*

No.	Copyright	Place of recordation	Date of certification	Recordation number
1.	 力富國際 POWER WEALTH	PRC	December 8, 2010	2010-F-031775
2.	 翔宇港建 Xiangyu Port Construction	PRC	December 28, 2010	2010-F-034107
3.	 翔宇港建 Xiangyu Port Construction	PRC	January 4, 2011	2011-F-034880
4.	 翔宇疏浚 Xiangyu Dredging	PRC	April 26, 2011	2011-F-039051

*Domain name*

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

Domain name	Expiry date	Registered owner
POWERWEALTH.COM.HK . . . . .	April 30, 2012	Power Wealth Engineering Limited
XIANGYU.COM.HK . . . . .	October 22, 2011	Power Wealth Engineering Limited

As at the Latest Practicable Date, except as disclosed in this prospectus, there were no trademarks, patents or other intellectual property rights which were material to the business of our Company.

## 11. Connected transactions and related party transactions

Save as disclosed in the section headed “Connected Transactions” of this prospectus and in note 24 to our consolidated financial statement included 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, we have not engaged in any other material connected transactions or related party transactions.

## FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

## 12. Directors

(a) *Disclosure of interests of Directors*

- (i) Each of Mr. Liu and Mr. Dong is interested in the Reorganization.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) *Particulars of Directors' service contracts**Executive Directors*

Each of our executive Directors has entered into a service contract with our Company pursuant to which he/she agreed to act as an executive Director for an initial term of three years with effect from June 1, 2011.

Each of our executive Directors is entitled to a basic salary as set out below (subject to an annual increment after December 31, 2011 at the discretion of our Directors (or its duly delegated committee) of not more than 10% of the annual salary immediately prior to such increase). In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of our Company may not exceed 10% of the audited combined or audited consolidated net profit of our Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of our Company. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him/her. The current basic annual salaries and housing allowances in aggregate of our executive Directors, pursuant to their respective service contracts with our Company are as follows:

Name	Annual salary (RMB)
Mr. Liu . . . . .	3,960,000
Ms. Zhou . . . . .	1,800,000

*Non-executive Director and independent non-executive Directors*

Each of our non-executive Director and our independent non-executive Directors has been appointed for an initial term of three years commencing from June 1, 2011. Our non-executive Director, Mr. Dong is entitled to a director's fee of RMB2,400,000 per annum and our independent non-executive Directors namely, Ms. Leung Mei Han, Mr. Zhang Jun and Ms. Peng Cuihong are entitled to a director's fee of RMB200,000, RMB150,000 and RMB150,000 per annum respectively. Save for directors' fees, none of our non-executive

Director or independent non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director or an independent non-executive Director.

Save as disclosed aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

**(c) *Remuneration of Directors***

- (i) The aggregate emoluments (including fee, salaries, contributions to pension scheme, housing allowances and other allowances) paid and benefits in kind granted by our Group to our Directors in respect of the three financial years ended December 31, 2008, 2009 and 2010 were approximately RMB94,000, RMB92,000 and RMB951,000 respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (including fee, salaries, contributions to pension scheme, housing allowances and other allowances but excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors) for the year ending December 31, 2011, are expected to be approximately RMB5.1 million.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended December 31, 2010 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended December 31, 2010.

**(d) *Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations***

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or Shares which may be sold by our Selling Shareholder upon the exercise of the Over-allotment Option, the interests or short positions of our Directors in the shares, underlying shares or debentures of our Company and our 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 under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

<u>Name of Director</u>	<u>Name of Group member/associated corporation</u>	<u>Capacity/nature of interest</u>	<u>Number and class of securities (Note 1)</u>	<u>Approximate percentage of shareholding</u>
Mr. Liu ( <i>Note 2</i> ) . . . .	Our Company	Controlled corporation	325,100,000 Shares (L)	40.64%
Ms. Zhou ( <i>Note 3</i> ) . . .	Our Company	Interest of spouse	325,100,000 Shares (L)	40.64%
Mr. Dong ( <i>Note 4</i> ) . . .	Our Company	Controlled corporation	160,000,000 Shares (L)	20%

*Notes:*

- (1) The letter “L” denotes our Directors’ long position in the shares of our Company or the relevant associated corporation.
- (2) Mr. Liu is the sole legal and beneficial owner of Wangji Limited which is the direct owner of 325,100,000 Shares.
- (3) Ms. Zhou is the spouse of Mr. Liu and therefore, under the SFO, she is deemed to be interested in the Shares in which Mr. Liu is interested.
- (4) Mr. Dong is the sole legal and beneficial owner of Shen Wang Limited which is the direct owner of 160,000,000 Shares. Under the International Underwriting Agreement to be entered into, the Selling Shareholder will grant to the Sole Global Coordinator the Over-allotment Option, pursuant to which up to 30,000,000 Shares may be sold by the Selling Shareholder upon the exercise of such option.

<u>Name of Director</u>	<u>Name of Group member/associated corporation</u>	<u>Capacity/nature of interest</u>	<u>Approximate percentage of shareholding</u>
Mr. Liu ( <i>Note 5</i> ) . . . . .	PRC Operational Entity	Beneficial Owner	100%
Ms. Zhou ( <i>Note 5</i> ) . . . . .	PRC Operational Entity	Interest of spouse	100%

*Note:*

- (5) Mr. Liu and Ms. Zhou are the registered holders of 98.47% and 1.53% of the registered capital of the PRC Operational Entity respectively. As Ms. Zhou holds the said 1.53% equity interest in the PRC Operational Entity as trustee on behalf of Mr. Liu, Mr. Liu is the sole beneficial owner of the entire registered capital of the PRC Operational Entity. Ms. Zhou is the spouse of Mr. Liu and therefore, under the SFO, she is deemed to be interested in the entire registered capital of the PRC Operational Entity in which Mr. Liu is interested.

### 13. Interest discloseable under the SFO and substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account of any Shares which may be taken up under the Global Offering, any Shares which may be allotted and issued upon the exercise of any options under the Share Option Scheme and/or any Shares which may be sold upon exercise of the Over-allotment Option), other than a Director or chief executive of our Company whose interests are

disclosed under the sub-paragraph headed “Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations” above, the following persons will have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and who will be expected, directly or indirectly, to be interested in 10% or more of the Shares:

Name	Number of Shares	Approximate percentage of shareholding
Wangji Limited . . . . .	325,100,000	40.64%
Shen Wang Limited . . . . .	160,000,000	20.00%
Yang Yingying ( <i>Note 1</i> ) . . . . .	160,000,000	20.00%
Hong Jun Investment Limited ( <i>Note 2</i> ) . . . . .	69,000,000	8.63%
Apex Ally Investments Limited ( <i>Note 3</i> ) . . . . .	45,900,000	5.74%

*Notes:*

- (1) The said 160,000,000 Shares is held under the name of Shen Wang Limited, which is solely owned by Mr. Dong. Ms. Yang Yingying is the spouse of Mr. Dong and therefore, under the SFO, Ms. Yang is deemed to be interested in these Shares.
- (2) Hong Jun is a wholly owned subsidiary of CCB International Asset Management Limited, being a member of the China Construction Bank Corporation Limited.
- (3) Apex Ally is a wholly owned subsidiary of ICBC International Investment Management Limited, being member of ICBC International Holdings Limited, which is wholly owned by Industrial and Commercial Bank of China Limited.

In addition to the above and so far as our Directors are aware, immediately following completion of the Global Offering, the following person is directly or indirectly interested in 10% or more of the nominal value of any class of equity capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of our subsidiary	Substantial shareholder of such subsidiary	Approximate percentage of shareholding
The PRC Operational Entity . . . . .	Mr. Liu ( <i>Note</i> )	100%
The PRC Operational Entity . . . . .	Ms. Zhou ( <i>Note</i> )	100%

*Note:* Mr. Liu and Ms. Zhou are the registered holders of 98.47% and 1.53% of the registered capital of the PRC Operational Entity respectively. As Ms. Zhou holds the said 1.53% equity interest in the PRC Operational Entity as trustee on behalf of Mr. Liu, Mr. Liu is the sole beneficial owner of the entire registered capital of the PRC Operational Entity. Ms. Zhou is the spouse of Mr. Liu and therefore, under the SFO, she is deemed to be interested in the entire registered capital of the PRC Operational Entity in which Mr. Liu is interested.

**14. Disclaimers**

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering and the Capitalization Issue, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other member of our Group;
- (b) none of our Directors nor any chief executive has any interest or short position in any of the shares, underlying shares or debentures of our Company or any 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 any of them is deemed to have under such provisions of the SFO ) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph 22 headed “Qualification of experts” has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Offer Shares either in his/her own name or in the name of a nominee;
- (d) none of our Directors nor any of the parties listed in paragraph 22 headed “Qualification of experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of us;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in paragraph 22 headed “Qualification of experts” below:
  - (i) is interested legally or beneficially in any securities of any member of our Group; or
  - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

- (f) save as referred to above, there are no existing or proposed service contracts (excluding contracts expiring or terminable by any member of our Group within one year without payment of compensation other than statutory compensations) between any member of our Group and our Directors;
- (g) none of the Directors or their associates or any Shareholder of our Company who to the knowledge of the Directors owns more than 5% of the issued share capital of our Company has any interest in the five largest suppliers, customers or subcontractors of our Company.

## OTHER INFORMATION

### 15. Share Option Scheme

#### (a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by all Shareholders on May 24, 2011:

##### (i) *Purposes of the scheme*

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, our Directors and other selected participants for their contributions to us. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to our development so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

##### (ii) *Who may join*

Our Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorized committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (“**Eligible Employee(s)**”) (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity (the “**Invested Entity**”) in which our Group holds an equity interest;
- (bb) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;



- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to our Group or any member of any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of our Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of our Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who fall within any of the above classes of participants shall not, by itself, unless our Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

(iii) *Maximum number of Shares*

- (aa) The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Group must not in aggregate exceed 30% of the issued share capital of our Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Group) to be granted under the Share Option Scheme and any other share option schemes of our Group must not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Main Board (the "**General Scheme Limit**").
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share

options schemes of our Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, canceled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options).
- (bb) Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already

granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders in general meeting. Our Company must send a circular to the Shareholders. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) *Time of acceptance and exercise of option*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) *Performance targets*

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) *Subscription price for Shares and consideration for the option*

The subscription price for Shares under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) *Ranking of Shares*

- (aa) Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.
- (bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(x) *Restrictions on the time of grant of options*

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the last date on which our Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no option may be granted.

Our Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) *Rights on ceasing employment*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in subparagraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiii) *Rights on death, ill-health or retirement*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation, which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) *Rights on dismissal*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offense (other than an offense which in the opinion of our Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) *Rights on breach of contract*

If (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have at their absolute discretion so determined.

*(xvi) Rights on a general offer, a compromise or arrangement*

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

*(xvii) Rights on winding up*

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

*(xviii) Grantee being a company wholly owned by eligible participants*

If the grantee is a company wholly owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

*(xix) Adjustments to the subscription price*

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital or any alteration in the capital structure of our Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) notwithstanding (i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules as set out in the letter issued by the Stock Exchange dated September 5, 2005, but no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any made on a capitalization issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

*(xx) Cancellation of options*

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so canceled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

*(xxi) Termination of the Share Option Scheme*

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the



Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) *Rights are personal to the grantee*

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) *Lapse of option*

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

- (aa) the expiry of the period referred to in paragraph (vi); and
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii).

(xxiv) *Others*

- (aa) The Share Option Scheme is conditional on the Listing Committee granting the listing of and permission to deal in, such number of Shares representing the General Scheme Limit to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) 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 be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

(b) *Present status of the Share Option Scheme*

(i) *Approval of the Listing Committee required*

The Share Option Scheme is conditional on the Listing Committee granting the listing of, and permission to deal in, such number of Shares to be issued, which is expected to be 80,000,000 Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) *Application for approval*

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) *Grant of option*

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

## 16. Estate duty, tax and other indemnity

The Controlling Shareholders (together, the “**Indemnifiers**”) have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of our present subsidiaries) (being the material contract (q) referred to in paragraph 9 above) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Listing; and
- (b) tax liabilities (including all fines, penalties, costs, charges, liabilities, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits or gains, earned, accrued or received on or before the Listing,

or any transactions, events, matters or things entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to December 31, 2010;
- (b) to the extent that such taxation or liability for such taxation falling on any of the members of our Group in respect of any accounting period commencing on January 1, 2011 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction:
  - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after December 31, 2010; or
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before December 31, 2010 or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent that such taxation liabilities or claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to December 31, 2010 and which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Pursuant to the deed of indemnity, the Indemnifiers have on a joint and several basis undertaken to indemnify each member of our Group, among other liabilities or potential liabilities, (a) any penalty which may be imposed on our Group, or any costs, expenses and losses which our Group may suffer in connection with such penalty, due to our Group's failure to observe laws, regulations or rules concerning social insurance contributions for the employees or any other laws and regulations in connection with the employee welfare and benefits in the PRC; (b) any penalty which may be imposed on our Group, or any costs, expenses and losses which our Group may suffer in connection with such penalty, due to our

Group's failure to duly make all relevant filings or reports and supply all other information required to be supplied to any relevant PRC governmental authority, including but not limited to the relevant tax bureau and relevant administration of industry and commerce, or to observe any laws, regulations or rules in the PRC in this regard; (c) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings which our Group may suffer from not having obtained all relevant approvals, permits, licences and/or certificates for conducting its businesses, including but not limited to the non-compliances as disclosed in this prospectus; and (d) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings arising from the relocation by our Group arising from or in connection with the lessors' lack of relevant title certificates or documents or the lessors' registration default in relation to the lease agreements to the extent that damages, if any, recovered from the relevant lessor are inadequate to cover the related costs of our Group.

Under the deed of indemnity, each of the Indemnifiers has also undertaken to us that he/it will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganization.

#### **17. Litigation**

Save as disclosed in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group member, that would have a material adverse effect on our results of operations or financial condition of our Group.

#### **18. Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately HK\$45,000 and are payable by our Company.

#### **19. Promoter**

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

The Hong Kong Underwriters shall receive a commission of 3.5% of the aggregate Offer Price of our Hong Kong Offer Shares underwritten by the Hong Kong Underwriters and the International Underwriters shall receive an underwriting commission of 3.5% of the aggregate of the Offer Price of our International Offer Shares underwritten by the International Underwriters, out of which they shall pay any sub-underwriting commissions.

The underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, represent 13.1% of the proceeds from the Global

Offering assuming an Offer Price of HK\$3.63 (being the mid-point of Offer Price range between HK\$3.19 per Offer Share and HK\$4.07 per Offer Share), are estimated to amount to approximately HK\$95 million in total.

## 20. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme, being 10% of the Shares in issue on the Listing Date, on the Stock Exchange. The Sole Sponsor is independent of our Company pursuant to Rule 3A.07 of the Listing Rules.

## 21. Shares will be eligible for CCASS

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares.

All necessary arrangements have been made enabling the Shares to be admitted into the CCASS, which is established and operated by the HKSCC.

## 22. Qualifications of experts

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

Name	Qualification
Morgan Stanley Asia Limited . . . . .	Licensed corporation under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities
Deloitte Touche Tohmatsu . . . . .	Certified Public Accountants
Conyers Dill & Pearman. . . . .	Cayman Islands barristers and attorneys
Zhong Lun Law Firm. . . . .	Qualified PRC lawyers
Commerce & Finance Law Offices. . . . .	Qualified PRC lawyers
Jones Lang LaSalle Sallmanns Limited. . . . .	Professional property valuer

**23. Consents of experts**

Each of the experts referred to in paragraph 22 headed “Qualification of experts” has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

**24. Binding effect**

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

**25. Taxation of holders of Shares**

Dealings in Shares registered on the Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasized that none of the Company, the Selling Shareholder, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

**26. Miscellaneous**

- (a) Save as disclosed in this prospectus:
  - (i) within two years preceding the date of this prospectus:
    - (aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and
    - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

- (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
  - (iii) no founder shares, management shares or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued.
- (b) There has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2010 (being the date to which the latest audited combined financial statements of our Group were made up).
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) none of our equity or debt securities is listed or dealt with on any stock exchange or trading system nor is any listing or permission to deal being or proposed to be sought.
- (e) we have no outstanding convertible securities or debentures.
- (f) Subject to the provisions of the Companies Law, the register of members of the Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

## **27. Dividends**

There are no arrangement in existence under which future dividends are to be waived or agreed to be waived.

## **28. Brief details of the Selling Shareholder**

The Selling Shareholder is Shen Wang Limited, whose sole director and sole shareholder is Mr. Dong Liyong. The Selling Shareholder is an investment-holding company incorporated on June 3, 2010 under the laws of the BVI with limited liability. The registered office of the Selling Shareholder is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

## **29. Bilingual prospectus**

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