
CORNERSTONE INVESTMENT

THE CORNERSTONE INVESTMENT

On 14 June 2011, as part of the International Placing, we and the Sole Global Coordinator have entered into a cornerstone investment agreement (the “Cornerstone Investment Agreement”) with SD Family Fund L.P. as a cornerstone investor (the “Cornerstone Investor”). The Cornerstone Investor is a Cayman Islands exempted liability partnership established by the family trusts of Mr. Hui Lin Chit and his family members. Mr. Hui Lin Chit is the deputy chairman and chief executive officer of Hengan International Group Company Limited (1044.HK), a company listed on the Main Board.

Pursuant to the Cornerstone Investment Agreement, the Cornerstone Investor has agreed to subscribe at the Offer Price (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) for such number of Offer Shares (rounded down to the nearest board lot of 1,000 Shares) equal to an aggregate amount of US\$10 million.

Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme, the Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering and the Capitalization Issue is 1,600,000,000 Shares in total. The total number of Offer Shares acquired by the Cornerstone Investor calculated on the basis of the following Offer Prices and as a percentage of the total number of Shares issued and outstanding as described above and as a percentage of the total number of Offer Shares are set out below:

1. assuming an Offer Price of HK\$2.88, being the low-end of the indicative Offer Price range set out in this Prospectus, there would be approximately 27,017,000 Offer Shares, representing approximately 1.69% of the total number of Shares issued and outstanding as described above and 6.75% of the total number of Offer Shares;
2. assuming an Offer Price of HK\$3.49, being the mid-point of the indicative Offer Price range set out in this Prospectus, there would be approximately 22,295,000 Offer Shares, representing approximately 1.39% of the total number of Shares issued and outstanding as described above and 5.57% of the total number of Offer Shares; and
3. assuming an Offer Price of HK\$4.10, being the high-end of the indicative Offer Price range set out in this Prospectus, there would be approximately 18,978,000 Offer Shares, representing approximately 1.19% of the total number of Shares issued and outstanding as described above and 4.75% of the total number of Offer Shares.

Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any Board representation in our Company, nor will the Cornerstone Investor become our substantial shareholder. The Offer Shares to be subscribed by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed “The Hong Kong Public Offering” above.

The Cornerstone Investor is an Independent Third Party. The Shares held by the Cornerstone Investor pursuant to the Cornerstone Investment Agreement will rank *pari passu* in all respects with the fully paid Shares in issue or to be issued as described above and will be counted towards the public float

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(as part of the International Placing). The Cornerstone Investor will not apply for any Offer Shares as part of the Hong Kong Public Offering or the International Placing. It will only acquire the Offer Shares on the terms of the Cornerstone Investment Agreement. The actual number of Shares acquired by the Cornerstone Investor will be disclosed in the announcement of the results of allocation.

Conditions Precedent

The subscription obligation of the Cornerstone Investor is conditional upon, among others, the Hong Kong Underwriting Agreement and the International Placing Agreement being entered into, having become effective and unconditional and not having been terminated.

Restrictions on disposal by the Cornerstone Investor

The Cornerstone Investor has agreed that, without the prior written consent of the Sole Global Coordinator and us, it will not, at any time during the period of six months following the Listing Date (the “Lock-up Period”), directly or indirectly, dispose of any Shares it has subscribed for pursuant to the Cornerstone Investment Agreement.

The restrictions on disposals by the Cornerstone Investor will not be applicable in the circumstances where the Cornerstone Investor transfers all or part of the relevant Shares to any entity wholly-owned by it during the Lock-up Period provided that (i) at least two Business Days written notice is provided to the Sole Global Coordinator and us, (ii) the transferee undertakes to be bound by the terms of the Cornerstone Investment Agreement and give the same acknowledgements, representations and warranties as provided in the Cornerstone Investment Agreement prior to such transfer, and (iii) if the transferee is about to or will cease to be a wholly-owned subsidiary of the Cornerstone Investor, the Cornerstone Investor will procure that the transferee transfers the relevant Shares to the Cornerstone Investor or another entity wholly owned by the Cornerstone Investor.

The Cornerstone Investor has also agreed to use all reasonable endeavours to ensure that any disposal of the relevant Shares by the Cornerstone Investor after the expiration of the Lock-up Period is strictly in accordance with all applicable laws and regulations including the Listing Rules and the SFO.