

1. FURTHER INFORMATION ABOUT THE COMPANY**A. Incorporation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 6 August 2010. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 14 February 2011, and the Company's principal place of business in Hong Kong is at Unit 4631, 46/F, The Center, 99 Queen's Road Central, Hong Kong. Mr. Tse, Man Kit Keith, the authorized representative of the Company for the purposes of Part XI of the Companies Ordinance whose correspondence address is 9G, Block 8, Site 12, Whampoa Garden, Hung Hom, Hong Kong, has been appointed as the Company's agent for the acceptance of service of process in Hong Kong.

As the Company was incorporated in the Cayman Islands, its corporate structure and the Memorandum and Articles of Association are subject to the laws of the Cayman Islands. A summary of certain provisions of the Memorandum and Articles of Association and certain aspects of the Companies Law is set out in Appendix V to this prospectus headed "Summary of the Constitution of the Company and Cayman Companies Law."

B. Changes in the share capital of the Company

The following sets out the changes in the Company's issued share capital since the date of its incorporation:

- (a) As of the date of incorporation of the Company on 6 August 2010, its authorized share capital was HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each. One Share was subscribed by Codan Trust Company (Cayman) Limited, which was transferred to Peace Link on 6 August 2010.
- (b) On 6 August 2010, 19,764 ordinary Shares, 11,720 ordinary Shares, 9,665 ordinary Shares, 6,500 ordinary Shares and 2,350 ordinary Shares were allotted and issued (credited as fully paid) to Peace Link, Endless Rocket, Coherent Gallery, Smart Portrait and Witty Yield, respectively.
- (c) Pursuant to the written resolutions of the Shareholders dated 23 May 2011, the Shareholders resolved to increase the authorized share capital of the Company from HK\$390,000 to HK\$50,000,000 by the creation of an additional 4,961,000,000 Shares of HK\$0.01 each, such additional Shares ranking pari passu in all respects with the existing Shares in our share capital with effect from the date of passing the written resolutions.
- (d) Immediately upon completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised), 1,560,000,000 Shares of HK\$0.01 each will be issued fully paid or credited as fully paid.
- (e) In the event that the Over-allotment Option is exercised in full, 1,618,500,000 Shares will be issued fully paid or credited as fully paid.

Save as aforesaid, there has been no alteration in the share capital of the Company since its incorporation.

C. Written resolutions of the Shareholders passed on 23 May 2011

Pursuant to the written resolutions of the Shareholders passed on 23 May 2011, the following resolutions were passed:

- (a) the authorized share capital of the Company was increased from HK\$390,000 to HK\$50,000,000 divided into 5,000,000,000 ordinary shares with a par value of HK\$0.01 each by the creation of an additional 4,961,000,000 Shares of HK\$0.01 each, such additional Shares ranking pari passu in all

respects with the existing Shares in the capital of the Company as of the date of passing of the resolutions;

- (b) conditional upon the satisfaction of the conditions as stated in the paragraph headed “Conditions” in the section headed “Structure of the Global Offering” in this prospectus:
- (i) the Global Offering, the Capitalization Issue and the Over-allotment Option were approved upon the terms and conditions stated in this prospectus and the relevant Application Forms and the Directors were authorized to allot and issue the Offer Shares and the Shares as may be required to be issued upon the exercise of the Over-allotment Option;
 - (ii) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to allot, issue and deal with (otherwise than pursuant to a rights issue, scrip dividend scheme or similar arrangement or the exercise of subscription rights under any securities which are convertible into Shares) Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and to make or grant offers, agreements, options or warrants which would or might be required while such powers are exercised, such mandate to remain in effect until the earliest of:
 - (A) the conclusion of our next annual general meeting;
 - (B) the expiration of the period within which our next annual general meeting is required to be held by the Articles of Association or any applicable laws; and
 - (C) the date on which such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;
 - (iii) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase Shares on the Hong Kong Stock Exchange and/or on any other stock exchange on which the Shares may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Hong Kong Listing Rules, with an aggregate nominal amount of not more than 10% of the total nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and to make or grant offers, agreements, options or warrants which would or might be required while such powers are exercised, such mandate to remain in effect until the earliest of:
 - (A) the conclusion of our next annual general meeting;
 - (B) the expiration of the period within which our next annual general meeting is required to be held by the Articles of Association or any applicable laws; and
 - (C) the date on which such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;
 - (iv) the general unconditional mandate referred to in sub-paragraph (b)(ii) above was extended by the addition to the aggregate nominal value of the share capital which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the

aggregate nominal amount of the share capital of the Company repurchased by us under the general mandate referred to in subparagraph (b)(iii) above; and

- (v) subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorized to allot and issue a total of 1,169,950,000 Shares, credited as fully paid, at par to the Shareholders whose names were on our register of members at the close of business on 23 May 2011 in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK\$11,699,500 standing to the credit of the share premium account of the Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares; and
- (c) the Articles of Association were approved and adopted with effect from the date of and conditional upon the Listing.

D. Repurchase by the Company of its own securities

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

(a) Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

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

(ii) Source of funds

Repurchases must only be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the Hong Kong Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

(iii) Trading restrictions

The total number of shares which a company is authorized to repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of its issued share capital of the company as of the date of the ordinary resolution authorizing such repurchase. A company may not issue or announce an issue of securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, the company is prohibited from repurchasing its Shares on the Hong Kong Stock Exchange if the

purchase price is higher by 5.0% or more than the average closing market price for the five preceding trading days on which its Shares were traded on the Hong Kong Stock Exchange. The Hong Kong Listing Rules also prohibit a company from repurchasing its securities on the Hong Kong Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage for that company required by the Hong Kong Stock Exchange. A company must procure that any broker appointed by it to effect the repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchases as the Hong Kong Stock Exchange may request.

(iv) Status of repurchased securities

All repurchased securities (whether on the Hong Kong Stock Exchange or otherwise) are automatically delisted and the relative certificates for those securities must be canceled and destroyed.

(v) Suspension of repurchases

Securities repurchases are prohibited 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 addition, the Hong Kong Stock Exchange reserves the right to prohibit repurchases of securities on the Hong Kong Stock Exchange if a company has breached the Hong Kong Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 9:00 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to disclose details regarding repurchases of securities made during the financial year, including a monthly breakdown of purchases of shares made during the financial year under review showing the number of securities purchased each month, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected persons

A company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a connected person (as defined in the Hong Kong Listing Rules), that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Information relevant to the repurchase mandate:

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

(ii) In repurchasing securities, we may only apply funds legally available for such purchase in accordance with the Memorandum and the Articles of Association, the Hong Kong Listing Rules and the applicable laws of the Cayman Islands.

- (iii) The Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material and adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.
- (iv) None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company or its subsidiaries in the event that the repurchase mandate is approved by the Shareholder.
- (v) The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate only in accordance with the Hong Kong Listing Rules, the applicable laws of the Cayman Islands, the Memorandum and the Articles of Association.
- (vi) If as a result of a repurchase of securities, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of such increase, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Immediately following the completion of the Global Offering and the Capitalization Issue, Mr. Tang Guoqiang and Peace Link will be interested in approximately 29.65% of the issued share capital of the Company. Based on the said interest of Mr. Tang Guoqiang and Peace Link in the issued share capital of the Company immediately following the completion of the Global Offering and the Capitalization Issue, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the repurchase mandate, the interests of Mr. Tang Guoqiang and Peace Link in the issued share capital of the Company will be increased from approximately 29.65% to approximately 32.94% and they would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of such increase. The Directors have no intention to exercise the repurchase mandate to such extent that would give rise to an obligation on the part of Mr. Tang Guoqiang and Peace Link to make a mandatory general offer under Rule 26 of the Takeovers Code.

- (vii) Any repurchase of Shares which results in the amount of Shares held by the public being reduced to less than 25% of the issued share capital of the Company could only be implemented with the approval of the Hong Kong Stock Exchange to waive the Hong Kong Listing Rules requirements regarding the public shareholding referred to above. Except in extraordinary circumstances, a waiver of this provision would not normally be given by the Hong Kong Stock Exchange.
- (viii) No connected person (as defined in the Hong Kong Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company, nor has undertaken not to do so, if the repurchase mandate is exercised.
- (ix) No repurchase of Shares has been made by the Company since its incorporation.

2. THE RESTRUCTURING

In preparation for the Listing, shareholders of the Company and the Company itself underwent the Restructuring, details of which are set out in the section headed "History and Corporate Structure — Restructuring" in this prospectus.

3. SUBSIDIARIES OF THE COMPANY

A. Principal subsidiary

The Company's principal subsidiary is referred to the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

B. Changes in the share capital of subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years preceding the date of this prospectus:

- (1) On 16 August 2010, Shunfeng Holdings was incorporated under the Companies Ordinance as a limited liability company in Hong Kong with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the same date, 500 ordinary shares in the capital of Shunfeng Holdings were allotted and issued to the Company;
- (2) On 30 August 2010, Shunfeng Technology increased its registered capital by capitalizing its undistributed profit in an aggregate amount of RMB123,959,727.4;
- (3) On 21 September 2010, Shunfeng Materials was established as a limited liability company in the PRC with an initial registered capital of RMB10.0 million;
- (4) On 29 December 2010, Shunfeng Electronic was established as a limited liability company in the PRC with an initial registered capital of US\$100.0 million; and
- (5) On 25 January 2011, the registered capital of Shunfeng Materials was increased from RMB10 million to RMB220 million.

4. FURTHER INFORMATION ABOUT THE GROUP'S BUSINESS

A. Summary of material contracts

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

- (a) an equity acquisition agreement dated 6 September 2010 entered into between Shunfeng Holdings and Sun World, Tianyou Iron Steel, Datang Investment, Wujin Equipment Factory and Tianjian Consulting (collectively, the "Transferors") regarding the disposal of the entire equity interest in Shunfeng Technology by the Transferors to Shunfeng Holdings at a total cash consideration of RMB232,969,215.5;
- (b) a joint venture contract dated 10 October 2010 entered into between Shunfeng Technology and New Capability Limited pursuant to which the parties agreed to increase the registered capital of Shunfeng Materials from RMB10.0 million to RMB220.0 million, with Shunfeng Technology contributing RMB110.0 million and New Capability Limited contributing RMB100.0 million, and which also makes provisions for the internal management of Shunfeng Materials;
- (c) an equity merger agreement dated 10 October 2010 entered into between Shunfeng Technology and New Capability Limited pursuant to which the parties agreed to increase the registered capital of

Shunfeng Materials from RMB10.0 million to RMB220.0 million, with Shunfeng Technology contributing RMB110.0 million and New Capability Limited contributing RMB100.0 million;

- (d) a termination agreement dated 27 December 2010 entered into between Shunfeng Technology and New Capability Limited pursuant to which Shunfeng Technology and New Capability Limited agreed to terminate both the joint venture contract stated in (b) above and the equity merger agreement stated in (c) above;

Note: This agreement did not become effective, since the parties subsequently decided not to submit it to the Ministry of Commerce of Jiangsu Province for approval.

- (e) the Deed of Indemnity dated 23 May 2011 entered into between the Company, Mr. Tang Guoqiang and Peace Link regarding the provision of certain indemnities by Mr. Tang Guoqiang and Peace Link in favor of the Company as referred to in the section headed “Connected Transactions” in the prospectus; and
- (f) the Hong Kong Underwriting Agreement dated 29 June 2011 entered into between the Company, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters regarding the underwriting by the Hong Kong Underwriters of the Hong Kong Public Offering as referred to in the section headed “Underwriting” in this prospectus.

B. Intellectual property rights

(a) Patents

As of the Latest Practicable Date, the following are the patents that Shunfeng Technology has been granted in the PRC:

No.	Patent	Patent No.	Type	Date of application
1	Electrode printing mask for solar cells	ZL200820035223.1	Utility Model	4 May 2008
2	Measurement device for the conductivity type of crystalline silicon chips of solar cells	ZL200920046394.9	Utility Model	9 June 2009
3	Screen printing device for solar cells	ZL201020110004.2	Utility Model	29 January 2010
4	Cleaning control device for crystalline silicon chips of solar cells	ZL201020251708.1	Utility Model	1 July 2010
5	Carriage packaging bag for crystalline silicon-based solar cell chips	ZL201020514559.3	Utility Model	1 September 2010
6	Precision printing device for crystalline silicon-based solar cells	ZL201020514574.8	Utility Model	1 September 2010
7	Single carrying box for crystalline silicon-based solar cell chips	ZL201020514592.6	Utility Model	1 September 2010

According to PRC laws, a granted utility model has a validity period of 10 years from the date of its application.

As of the Latest Practicable Date, the following are patents that Shunfeng Technology has applied for in the PRC:

No.	Patent	Application No.	Type	Date of application
1	A kind of solar cell manufacturing method	200810025444.5	Innovation	4 May 2008
2	Diffusion technique for enhancing the photovoltaic conversion efficiency of crystalline silicon-based solar cells	200910026163.6	Innovation	2 April 2009
3	Improved clean water washing technology for crystalline silicon chips of solar cells	201010526088.2	Innovation	30 October 2010
4	Testing template for crystalline silicon chips of solar cells and its manufacturing method	201010526865.3	Innovation	30 October 2010
5	Dense-grating printing technology for crystalline silicon-based solar cells	201010564038.3	Innovation	29 November 2010
6	A welding die plate for solar cell chips	201010566558.8	Innovation	30 November 2010
7	An attenuation device for solar cell chips	201010566571.3	Innovation	30 November 2010
8	An attenuation testing device for crystalline silicon-based solar cell chips	201010566582.1	Innovation	30 November 2010
9	A multiple temperature control device for diffusion furnaces	201010566584.0	Innovation	30 November 2010
10	Crystalline silicon-based solar cell chips with special electrodes	201020516152.4	Utility Model	1 September 2010
11	Testing device for crystalline silicon chips of solar cells	201020585032.X	Utility Model	30 October 2010
12	Standard chips for crystalline silicon-based solar cells	201020584769.X	Utility Model	30 October 2010
13	Dense-grating chips for crystalline silicon-based solar cells	201020628834.4	Utility Model	27 November 2010
14	Attenuation testing device for crystalline silicon-based solar cell chips	201020634139.9	Utility Model	30 November 2010
15	Welding die plate for solar cell chips	201020634241.9	Utility Model	30 November 2010
16	Attenuation device for solar cell chips	201020634418.5	Utility Model	30 November 2010
17	Multiple temperature control device for diffusion furnaces	201020634420.2	Utility Model	30 November 2010

(b) Trademarks

As of the Latest Practicable Date, the following trademarks were registered in the name of Shunfeng Technology in the PRC:

No.	Trademark	Place of Registration	Class	Product Covered	Registration Number	Expiry Date
1	SF-PV	PRC	1	Note 1	5372751	6 October 2019
2	SF-PV	PRC	7	Note 2	5372750	13 May 2019
3	SF-PV	PRC	9	Note 3	5372749	27 May 2019
4	SF-PV	PRC	11	Note 4	5372748	6 May 2019
5	SF-PV	PRC	28	Note 5	5372747	6 September 2019

Note 1: Class 1: Electricity; electrical energy

Note 2: Class 7: Generators/generator units; current generators; electronic industrial equipment; industry-specific equipment for rechargeable batteries; battery machinery; light bulb manufacturing machinery

Note 3: Class 9: Optical lamps; monocrystalline silicon; multicrystalline silicon; quartz crystals; integrated circuits; semiconductor devices; solar cells; battery chargers; automotive batteries; lighting batteries

Note 4: Class 11: Illuminators; vehicle lighting equipment; lighting apparatus and installations; air-conditioning installations; cooling equipment and installations; solar cookers; heating installations; solar water heaters; solar thermal collectors; heaters

Note 5: Class 28: Sports equipment; fitness training equipment; toys; game consoles; electric recreational vehicles; electric chairs; rotating turrets; intelligent toys; swimming pools (for amusement); candle holders for Christmas trees

As of the Latest Practicable Date, Shunfeng Technology had applied for the registration of the following trademarks in Hong Kong:

No.	Trademark	Intended Place of Registration	Class	Product Covered	Registration Number	Application Date
1	(A) SF-PV (B) SF-PV	Hong Kong	4, 7, 9, 11, 28	Notes 1, 2, 3, 4, 5	301822572	27 January 2011

Note 1: Class 4: Electricity, electrical energy; industrial oil and grease; lubricant; dust absorbing, wetting and binding compositions; fuels (including motor spirit) and illuminants; candles and wicks for lighting

Note 2: Class 7: Generators (units); current generators; electronic industrial equipment; specific equipment for rechargeable battery industry; battery machinery; light bulb manufacturing machinery; machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand operated; incubators for eggs

Note 3: Class 9: Optical lamps; monocrystalline silicon; multicrystalline silicon; quartz crystals; integrated circuits; semiconductor devices; solar cells; battery chargers; automotive batteries; lighting batteries; scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving (rescue) and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission, reproduction of sound and images; magnetic data carriers

Note 4: Class 11: Illuminators; vehicle lighting equipment; lighting apparatus and installations; air-conditioning installations; cooling equipment and installations; solar furnaces; heating installations; solar water heaters; solar thermal collectors; heaters; equipment and installations for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes

Note 5: Class 28: Sports equipment; fitness training equipment; toys; game consoles; electric recreational vehicles; electric chairs; rotating tower toys; intelligent toys; swimming pools (for amusement); candle holders for Christmas trees; playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees

(c) Domain names:

As of the Latest Practicable Date, the following domain names were registered in the name of Shunfeng Technology in the PRC:

<u>Domain name</u>	<u>Expiry Date</u>
sf-pv.com	8 February 2012
sf-pv.net	8 February 2013
sf-pv.cn	8 February 2012
sf-pv.com.cn	8 February 2012
sf-pv.net.cn	8 February 2012

5. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**A. Particulars of Directors' service agreements**

Each of the Directors has entered into a service agreement with the Company for an initial term of three years commencing on 1 January 2011 (subject to termination in certain circumstances as stipulated in the relevant agreement). Particulars of the service agreements of the Directors are in all material aspects the same. The salaries of the Directors will be determined each year by the Shareholders in the annual general meeting.

B. Directors' remuneration

The aggregate amount of salaries, allowances, pension, other welfare and benefits in kind paid by the Company to the Directors for each of the three years ended 31 December 2010 were approximately RMB846,000, RMB1,078,000 and RMB1,107,000, respectively.

Under the arrangements currently in force, the Company estimates that the aggregate remuneration (including benefits in kind) of the Directors payable by the Company for the year ending 31 December 2011 will be approximately RMB1,552,000.

6. DISCLOSURE OF INTERESTS**A. Disclosure of interests**

- (a) *Interests and/or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations following the Global Offering and the Capitalization Issue*

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account the arrangement under the Stock Borrowing Agreement), the interests and/or short positions of the Directors and chief executive in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 entered in the register referred to therein, or which will be required to be notified to the Company and the Hong Kong Stock Exchange

pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules, once the Shares are listed, will be as follows:

The Company

(i) Interests in Shares

Long positions in the Shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Tang Guoqiang	Interest of controlled corporation ¹	462,477,600	29.65%
Mr. Lu Jianqing	Interest of controlled corporation ²	152,100,000	9.75%
Mr. Qian Kaiming	Interest of controlled corporation ³	54,990,000	3.53%

Note 1: Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Peace Link and, therefore, Mr. Tang Guoqiang is deemed to be interested in the 462,477,600 Shares to be owned by Peace Link upon completion of the Global Offering and the Capitalization Issue for the purposes of the SFO.

Note 2: Mr. Lu Jianqing is the beneficial owner of 100% shareholding in Smart Portrait and, therefore, Mr. Lu Jianqing is deemed to be interested in the 152,100,000 Shares to be owned by Smart Portrait upon completion of the Global Offering and the Capitalization Issue for the purposes of the SFO.

Note 3: Mr. Qian Kaiming is the beneficial owner of 44.78% shareholding in Witty Yield and, therefore, Mr. Qian Kaiming is deemed to be interested in the 54,990,000 Shares to be owned by Witty Yield upon completion of the Global Offering and the Capitalization Issue for the purposes of the SFO.

(b) Interests and/or short positions of the substantial shareholders in the Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account the arrangement under the Stock Borrowing Agreement), so far as the Directors are aware, the following persons (not being a Director or a chief executive of the Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange 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 general meetings of any other member of the Group.

Interests and short positions in the Shares and underlying Shares of the Company:

Name of substantial shareholders	Nature of interest	Total number of Shares or underlying Shares	Approximate percentage or attributable percentage of shareholding
Peace Link	Beneficial owner ¹	462,477,600	29.65%
Endless Rocket	Beneficial owner ²	274,248,000	17.58%
Coherent Gallery	Beneficial owner ³	226,161,000	14.50%
Smart Portrait	Beneficial owner ⁴	54,990,000	9.75%
Mr. Zhao Zhengya	Interest of controlled corporation ⁵	274,248,000	17.58%
Mr. Wang Yichun	Interest of controlled corporation ⁶	226,161,000	14.50%

Note 1: Peace Link is the registered owner of 462,477,600 Shares upon completion of the Global Offering and the Capitalization Issue. Peace Link is wholly owned by Mr. Tang Guoqiang.

- Note 2:* Endless Rocket is the registered owner of 274,248,000 Shares upon completion of the Global Offering and the Capitalization Issue. Endless Rocket is owned as to 87.20% by Mr. Zhao Zhengya and as to 12.80% by Mr. Shi Jianmin.
- Note 3:* Coherent Gallery is the registered owner of 226,161,000 Shares upon completion of the Global Offering and the Capitalization Issue. Coherent Gallery is wholly owned by Mr. Wang Yichun.
- Note 4:* Smart Portrait is the registered owner of 54,990,000 Shares upon completion of the Global Offering and the Capitalization Issue. Smart Portrait is wholly owned by Mr. Lu Jianqing.
- Note 5:* Mr. Zhao Zhengya is the beneficial owner of a 87.20% shareholding in Endless Rocket and, therefore, Mr. Zhao Zhengya is deemed to be interested in the 274,248,000 Shares to be owned by Endless Rocket upon completion of the Global Offering and the Capitalization Issue for the purposes of the SFO.
- Note 6:* Mr. Wang Yichun is the beneficial owner of 100% shareholding in Coherent Gallery and, therefore, Mr. Wang Yichun is deemed to be interested in the Shares to be owned by Coherent Gallery upon completion of the Global Offering and the Capitalization Issue for the purposes of the SFO.

Save as disclosed in this prospectus, none of the Directors or chief executive of the Company has any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register of interests referred to in section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed on the Hong Kong Stock Exchange.

B. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors nor any of the parties listed in paragraph 7I of this appendix is interested, directly or indirectly, in the promotion of, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;
- (c) save in connection with the Underwriting Agreements, none of the parties listed in paragraph 7I of this appendix:
 - (i) is interested legally or beneficially in any shares in any member of the 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 the Group; and
- (d) save as referred to above, there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation) between any member of the Group and any of the Directors.

7. OTHER INFORMATION**A. Tax and estate duty**

The Directors have been advised that no material liability for estate duty under the laws of the PRC, where all of the assets and businesses of the Company are situated, would be likely to fall upon the Company or any member of the Group.

Under the Deed of Indemnity, Mr. Tang Guoqiang and Peace Link have, among other things, provided an indemnity in favor of the Company for any tax liability of the Company resulting from or by reference to any income, profits or gains earned, accrued or received on or before the date on which the obligations of the Underwriters under the Underwriting Agreements become unconditional.

B. Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance, and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or its subsidiaries that would have material effect on the Company's results of operations or financial condition.

C. Agency fees or commissions

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of the Group within the two years immediately preceding the issue of this prospectus.

D. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately RMB13,412,000 and are payable by the Company.

E. Promoter

The Company has no promoter for the purposes of the Hong Kong Listing Rules.

F. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued in the Global Offering and the Capitalization Issue and any Shares to be issued pursuant to the exercise of the Over-allotment Option on the Main Board of the Hong Kong Stock Exchange. All necessary arrangements have been made enabling the Shares to be admitted into CCASS. The Sponsor has declared pursuant to Rule 3A.08 of the Hong Kong Listing Rules that it is independent pursuant to Rule 3A.07 of the Hong Kong Listing Rules.

G. Compliance Adviser

In accordance with Rule 3A.19 of the Hong Kong Listing Rules, we have appointed Celestial Capital Limited as the compliance adviser. For details of such appointment, please refer to the section headed "Directors, Senior Management and Employees — Compliance Adviser" of this prospectus.

H. No material adverse change

There has been no material adverse change in the financial or trading position of the Company since 31 December 2010.

I. Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
Macquarie Capital Securities Limited	a licensed corporation licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO
Savills Valuation and Professional Services Limited . .	Chartered surveyors and valuer
Deloitte Touche Tohmatsu	Certified Public Accountants
King & Wood	Legal advisers on PRC law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law

J. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, 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.

K. Miscellaneous

(a) Save as disclosed in this prospectus:

- (i) within the two years preceding the date of this prospectus, no share or loan capital of any member of the Group has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of any member of the Group is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries; and
- (iv) neither the Company nor any of its subsidiaries has issued or agreed to issue any founder shares, management shares or deferred shares.

(b) None of the equity and debt securities of the Company is listed or dealt in any other stock exchange or trading system nor is any listing or permission to deal in such securities being or proposed to be sought.

(c) No member of the Group has any outstanding debenture or other debt securities.

(d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

L. Consents of experts

Macquarie Capital Securities Limited, as the Sponsor, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as the Company's reporting accountants, Savills Valuation and Professional Services Limited, as the Company's property valuer, King & Wood, as the Company's legal advisers on PRC law, and Conyers Dill & Pearman, as the Company's legal advisers on Cayman Islands law, have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or opinion and/or the references to their names included herein in the form and context in which they are respectively included.

M. Bilingual prospectus

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

N. Related party transactions

During the Track Record Period, we were engaged in related party transactions as described in Note 35 (a) to the Accountants' Report, the text of which is set out in Appendix I to this prospectus.