

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability under the name Silverman Tech Holdings Limited (銀仕來科技控股有限公司) on 24 February 2010. On 21 October 2011, the name of our Company was changed to Silverman Holdings Limited (銀仕來控股有限公司).

We have been registered in Hong Kong under Part XI of the Hong Kong Companies Ordinance as a non-Hong Kong company and our principal place of business in Hong Kong is at 3907-08, 39/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. In compliance with the requirements of the Hong Kong Companies Ordinance, Ms. CHAN Yin Wah, the company secretary of our Company, has been appointed as our agent for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to Cayman Islands law and its constitution comprising a memorandum of association and articles of association. A summary of certain relevant parts of its constitution and certain relevant aspects of Cayman Islands Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

- (i) As of the date of incorporation of our Company on 24 February 2010, our authorized share capital was US\$50,000 divided into 50,000 Shares having a par value of US\$1.00 each. On the same date, one Share with par value of US\$1.00 each was allotted and issued as fully paid at par to Offshore Incorporations (Cayman) Limited, which was then transferred to Excel Orient.
- (ii) On 18 June 2011, 9,999 Shares were allotted and issued as fully paid at par to Excel Orient.
- (iii) On 19 June 2011, pursuant to the Deeds of Loan (as supplemented), Excel Orient transferred 723 and 619 Shares to Sunlion and Solemnity, respectively. Upon completion of the transfer, the equity interest of our Company was owned as to 86.58%, 7.23% and 6.19% by Excel Orient, Sunlion and Solemnity, respectively.
- (iv) On 26 June 2012, each issued and unissued share of a nominal or par value of US\$1.00 in the share capital of the Company was sub-divided into 100 shares of a nominal or par value of US\$0.01 each ("**Share Sub-division**"). As a result of the Share Sub-division, the authorized share capital of the Company was US\$50,000 divided into 5,000,000 Shares of a nominal value or par value of US\$0.01 each and the existing issued Shares in the issued share capital of the Company became

1,000,000 Shares of a nominal or par value of US\$0.01 each. The authorized share capital of our Company was further increased to US\$100,000,000 divided by 10,000,000,000 shares of US\$0.01 each by creation of further 9,995,000,000 shares of US\$0.01 each.

- (v) Immediately following completion of the Global Offering and the Capitalization Issue but 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 and upon the exercise of the Over-allotment Option, the authorized share capital of our Company will be US\$100,000,000 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 Over-allotment Option and the exercise of any 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 our 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 prospectus and in the paragraph 4 of this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of our Shareholders passed on 26 June 2012

Written resolutions were passed by our Shareholders on 26 June 2012 pursuant to which, among other matters:

- (a) our Company approved and adopted the Articles of Association;
- (b) the Share Sub-division was approved and the authorized share capital of our Company was increased from US\$50,000 to US\$100,000,000 by the creation of further 9,995,000,000 Shares;

- (c) conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Offer Price having been determined; (iii) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
- (i) the Global Offering and the Over-allotment Option were approved and the Directors were authorized to allot and issue of the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued 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 paragraph 14 of this Appendix, were approved and adopted and the 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 the Directors' 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 implement the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, the Directors were authorized to capitalize US\$6,384,200 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 638,420,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 26 June 2012 (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 holdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution should rank *pari passu* in all respects with the then existing issued Shares and the Directors were authorized to give effect to such capitalization;
 - (iv) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes 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 pursuant to the exercise of any options which may be granted under the Share Option Scheme, or under the Global Offering or the Capitalization Issue or upon the exercise of the

Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% 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 Over-allotment Option, and (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (v) below, until 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 of Association, the Cayman Islands Companies Law or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of our Company to purchase or repurchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% 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 any Shares which may be issued pursuant to the exercise of the Over-allotment Option until 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 of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and
 - (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to sub-paragraph (iv) above to include the nominal amount of Shares which may be purchased or repurchased pursuant to sub-paragraph (v) above.
- (d) We approved the form and substance of each of the service agreements made between our executive Directors and us, and the form and substance of each of the appointment letters made between each of our non-executive Director and independent non-executive Directors with us.

4. Group reorganization

Our Group underwent the Reorganization prior to the Listing which involved the following steps:

- (a) establishment of our offshore shareholding structure; and
- (b) restructuring of our PRC operating subsidiaries.

For further details of the Reorganization, please refer to the paragraph headed “Reorganization” in the section headed “History, Reorganization and Group Structure” in this prospectus.

5. Changes in share capital and shareholdings of the subsidiaries of the Company

The subsidiaries of our Company are listed in the accountants’ report set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Reorganization and Group Structure” in this prospectus and in paragraph 4 of this Appendix, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Further information about our Group’s PRC establishment(s)

The Company has the following subsidiaries established in the PRC, the basic information of which as of the Latest Practicable Date is set out below:

Zibo Yinshilai Textile Co., Ltd. (淄博銀仕來紡織有限公司)

- (i) Date of Establishment : 1 December 1999
- (ii) Registered Office : Yinlong Village, Economic Development Zone, Boshan District, Zibo City, Shandong Province, the PRC (淄博市博山區經濟開發區銀龍村)
- (iii) Corporate nature : Limited liability company (solely invested by Hong Kong, Macau and Taiwan legal person)
- (iv) Registered share capital : US\$12,400,000
- (v) Term of operation : 1 December 1999 to 30 November 2014
- (vi) Legal representative : Mr. LIU Dong
- (vii) Shareholder(s) : HK YSL (100%)

- (viii) Scope of business : Design, develop and manufacture of high-end and new type home textile fabric and products, new type garment textile fabric and products, cotton yarns as well as functional and differential fiber, and sale of self-developed products (for projects which requires approvals and permits from relevant PRC authorities, production and operation could only be conducted within the permitted or approved scope)

Zibo Huiyin Textile Co., Ltd. (淄博匯銀紡織有限公司)

- (i) Date of Establishment : 9 June 2006
- (ii) Registered Office : Middle Section, West Guojing Road, Boshan District, Zibo City, Shandong Province, the PRC (淄博市博山區西過境路中段)
- (iii) Corporate nature : Limited liability company (solely invested by Hong Kong, Macau and Taiwan legal person)
- (iv) Registered share capital : US\$10,400,000
- (v) Term of operation : 9 June 2006 to 6 June 2018
- (vi) Legal representative : Ms. WANG Lingli
- (vii) Shareholder(s) : HK Huiyin (100%)
- (viii) Scope of business : Manufacture of pure/silky/polyester cotton blended fabrics and color fabrics, trimming and sale of self-developed products (for projects which requires approvals and permits from relevant PRC authorities, production and operation could only be conducted within the permitted or approved scope)

7. Securities repurchase mandate

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) 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 shareholder, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by our Shareholders on 26 June 2012, the Repurchase Mandate was given to the 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 Securities and Futures Commission of Hong Kong 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 Over-allotment Option and 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 of Association 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 the Directors, whichever occurs first.

(b) Source of funds

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

Repurchases must be paid out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the Cayman Islands 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 from time to time. Under the Cayman Islands laws, any repurchases by our Company may be made out of profits of our Company 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 of Association and subject to the provisions of the Cayman Islands Companies Law, out of capital.

Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the provisions of the Cayman Islands Companies Law, out of capital.

(c) Reasons for repurchases

The Directors believe that it is in the best interest of our Company and the Shareholders for the 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 the Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Impact of repurchases

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the 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, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Group.

(e) Takeovers Code

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing, would result in up to 80,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

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 (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholders' interest, 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 as a result of a repurchase of Shares made after the Listing.

The Directors are not aware of any other consequences of the repurchases which would give rise under the Takeovers Code immediately after the Listing.

(f) General

None of the 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.

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

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares than in issue may only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

The 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 (as defined in the Listing Rules) of our Company has notified our Company 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.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY**8. Summary of material contracts**

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

- (a) a deed of loan (貸款契約) in Chinese dated 23 November 2010 and entered into between our Company as borrower and Excel Orient as lender, pursuant to which Excel Orient agreed to provide an interest-free loan at the sum of HK\$194,450,000 to our Company for a term of five years;
- (b) a deed of loan (貸款契約) in Chinese dated 1 April 2011 and entered into between our Company as borrower and Excel Orient as lender, pursuant to which Excel Orient agreed to provide an interest-free loan at the sum of HK\$78,860,000 to our Company for a term of five years;
- (c) an asset transfer agreement (資產轉讓協議) in Chinese dated 1 April 2011 between Yinlong Industrial and Yinshilai Textile in relation to the Yinlong Assets Acquisition, the particulars of which are set out in the paragraph headed “Relationship with Yinlong Industrial” in the section headed “Our Relationship with Controlling Shareholders” in this prospectus;
- (d) a deed of waiver (豁免契約) in Chinese dated 14 March 2012 between Excel Orient and our Company in respect of the waiver of certain loan owed by our Company to Excel Orient;
- (e) an agreement in Chinese dated 25 June 2012 between Mr. LIU Dong, Yinlong Industrial, Yinshan Chemical Fiber and Yinshilai Textile in relation to, amongst others, the Outstanding Settlement Arrangement;
- (f) a deed of indemnity dated 25 June 2012 and executed by Mr. LIU Dong and Excel Orient in favor of our Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in paragraph 15 of this Appendix;
- (g) a deed of non-competition dated 25 June 2012 between Mr. LIU Dong and Excel Orient as the Controlling Shareholders in favour of the Company in respect of certain non-competition undertakings given by the Controlling Shareholders in favour of the Group; and
- (h) the Hong Kong Underwriting Agreement.

9. Intellectual property rights of our Group

(a) Trademark

As at the Latest Practicable Date, our Group is the registered proprietor and beneficial owner of the following trademarks:

No.	Trademark	Place of Registration	Class	Registration Number	Duration of Validity	Registered Owner
1.		PRC	23 (Note 1)	5345525	7 July 2009– 6 July 2019	Yinshilai Textile
2.		PRC	23 (Note 1)	5345526	7 July 2009– 6 July 2019	Yinshilai Textile
3.		PRC	24 (Note 2)	5345523	14 July 2009– 13 July 2019	Yinshilai Textile
4.		PRC	24 (Note 2)	5345524	14 July 2009– 13 July 2019	Yinshilai Textile
5.		Hong Kong	24 (Note 3)	301883494	8 April 2011– 7 April 2021	The Company

Notes:

- The specific goods under Class 23 are cotton thread and yarn; spun cotton; rayon thread and yarn; threads of plastic materials for textile use; filament; rayon thread; thread; spun thread and yarn; elastic thread and yarn for textile use; spun wool.
- The specific goods under Class 24 are fabric; cotton fabric; calico; taffeta (textile); oxford; metal cotton (space cotton); band (wall-hanging); bed clothes; bedspread (textile); curtain holders of textile material.
- The specific goods under Class 24 are fabric; cotton fabric; calico; taffeta (textile); oxford; metal cotton (space cotton); band (wall-hanging); bed clothes; bedspread (textile); curtain holders of textile material; textiles and textile goods, not included in other classes; bed and table covers.

(b) Patents

As at the Latest Practicable Date, our Group is the registered proprietor and beneficial owner of the following patents:

No.	Patent	Type of Patent	Place of Registration	Registration		Registered Owner
				Number	Expiry Date	
1	Sizing Machine Head Roller Gripper (漿紗機頭經軸夾持器)	Utility model	PRC	ZL200720025439.5	19 July 2017	Yinshilai Textile
2	Carding Machine Faucet Cleaner (梳棉機龍頭清潔器)	Utility model	PRC	ZL200720017636.2	16 January 2017	Yinshilai Textile
3	Comb Guiding Device of Carding Machine (梳棉機用導梳裝置)	Utility model	PRC	ZL200720017633.9	16 January 2017	Yinshilai Textile
4	Stäubli Looms — Single-width to Double-width Method (史陶比爾織機單幅改雙幅的方法)	Invention	PRC	ZL200710113020.X	19 September 2027	Yinshilai Textile
5	Jacquard Fabrics (Love in D) (提花織物(D調愛))	Appearance design	PRC	ZL201030694043.7	22 December 2020	Yinshilai Textile
6	Jacquard Fabrics (Tranquil Garden) (提花織物(靜謐田園))	Appearance design	PRC	ZL201030694031.4	22 December 2020	Yinshilai Textile
7	Jacquard Fabrics (Brilliant Flower) (提花織物(爛漫之花))	Appearance design	PRC	ZL201030694034.8	22 December 2020	Yinshilai Textile
8	Jacquard Fabrics (Drunk in Love) (提花織物(情醉))	Appearance design	PRC	ZL201030694042.2	22 December 2020	Yinshilai Textile
9	Jacquard Fabrics (First Sight) (提花織物(宛如初見))	Appearance design	PRC	ZL201030694050.7	22 December 2020	Yinshilai Textile
10	Jacquard Fabrics (Enchanting) (提花織物(妖嬈))	Appearance design	PRC	ZL201030694047.5	22 December 2020	Yinshilai Textile
11	Jacquard Fabrics (Moon Love Bay) (提花織物(月戀灣))	Appearance design	PRC	ZL201030694044.1	22 December 2020	Yinshilai Textile
12	Jacquard Fabrics (Summer Night) (提花織物(仲夏夜))	Appearance design	PRC	ZL201030694039.0	22 December 2020	Yinshilai Textile
13	Yarn Layered Dyeing Device of Pulp (經漿機紗線分層染色裝置)	Utility model	PRC	ZL201020181494.5	6 May 2020	Huiyin Textile
14	Droppings Separating Device of Carding Machine (梳棉機後落棉分梳裝置)	Utility model	PRC	ZL201020181507.9	6 May 2020	Huiyin Textile
15	Jacquard Fabrics (Floating Fragrance) (提花織物(暗香浮動))	Appearance design	PRC	ZL201030693964.1	22 December 2020	Huiyin Textile
16	Jacquard fabrics (Butterflies) (提花織物(蝶戀花))	Appearance design	PRC	ZL201030693970.7	22 December 2020	Huiyin Textile
17	Jacquard fabrics (Love the world) (提花織物(戀戀紅塵))	Appearance design	PRC	ZL201030693978.3	22 December 2020	Huiyin Textile
18	Jacquard fabrics (Rosemary) (提花織物(迷迭香))	Appearance design	PRC	ZL201030693977.9	22 December 2020	Huiyin Textile
19	Jacquard fabrics (Fascination) (提花織物(迷情))	Appearance design	PRC	ZL201030693987.2	22 December 2020	Huiyin Textile
20	Jacquard fabrics (Christmas eve) (提花織物(聖誕之夜))	Appearance design	PRC	ZL201030694032.9	22 December 2020	Huiyin Textile
21	Jacquard fabrics (Heart to heart) (提花織物(心相映))	Appearance design	PRC	ZL201030694014.0	22 December 2020	Huiyin Textile

As at the Latest Practicable Date, the Group is the exclusive licensee for the following registered patents:

No.	Patent	Type of Patent	Place of Registration	Registration Number	Duration of Validity	Registered Owner	Type of Licence Agreement
1.	Extraction Method of Bamboo Shoot Case Fiber for Spinning (紡紗用竹筍殼纖維的提取方法)	Invention	PRC	ZL200710052977.8	15 March 2010–14 March 2015	Wuhan Textile University (formerly known as Wuhan Institute of Science and Technology)	exclusive licence agreement

As at the Latest Practicable Date, the Group has applied for registration of the following patents:

No.	Patent	Type of Patent	Place of Application	Application Number	Date of Application	Applicant
1	Safety interlock device at the Comber Head (精梳機車頭安全聯鎖裝置)	Utility model	PRC	201120130826.1	28 April 2011	Yinshilai Textile
2	Automatic stop motion on Drawing Frames when an end breaks (併條機機後斷條自停裝置)	Utility model	PRC	201120131055.8	28 April 2011	Yinshilai Textile

(c) *Domain names*

As at the Latest Practical Date, our Group is the registered proprietor of the following domain name:

No.	Domain Names	Date of Registration	Expiry Date	Registered Owner
1.	silverman.cc	12 October 2010	12 October 2013	Yinshilai Textile
2.	ysltex.com	17 May 2010	17 May 2013	Yinshilai Textile

10. Connected transactions and related party transactions

Save as disclosed in the sections headed “Business” and “Our Relationship with Controlling Shareholders” and in Note 27 to the Accountants’ Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

11. Directors

(a) Disclosure of interests of the Directors

- (i) Mr. LIU Dong and Mr. YAN Tangfeng are interested in the Reorganization and the transactions as contemplated under the material contracts as set out in paragraph 8 of this Appendix.
- (ii) Save as disclosed in this prospectus, none of the 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 the executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date until terminated by not less than three months’ notice in writing served by either party on the other. Each of the executive Directors is entitled to a fixed basic salary.

Non-executive Director and Independent Non-executive Directors

Each of the non-executive Director and independent non-executive Directors has been appointed for a term of three years commencing from the Listing Date until terminated by either party giving not less than three months’ written notice to the other. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a fixed director’s fee whilst Mr. YAN Tangfeng will not receive any remuneration for holding the office as a non-executive Director. Save for directors’ fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the 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) Directors remuneration

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to the Directors in respect of each of the three financial years ended 31 December 2011 were approximately RMB283,000, RMB853,000 and RMB929,000, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by the Directors (including the independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2012 are expected to be approximately RMB1.6 million.
- (iii) None of the 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 31 December 2011 (aa) as an inducement to join or upon joining our Group or (bb) 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 any emoluments for each of the three years ended 31 December 2011.

(d) Interests and short positions of Directors and chief executives of our Company 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 exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, the interests and short positions of the Directors and chief executives of our Company 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 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 our Company and the

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

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. LIU Dong	Our Company	Interest of a controlled corporation (Note 2)	553,609,836 Shares (L)	69.20%
Mr. YAN Tangfeng	Excel Orient	Beneficial owner	1 Share (L)	100%
	Our Company	Interest of a controlled corporation (Note 3)	46,230,066 Shares (L)	5.78%

Notes:

1. The letter “L” denotes the Directors’ long position in the Shares or the relevant associated corporation.
2. The Shares are held by Excel Orient which is a company incorporated in the BVI and the entire issued capital of which is beneficially owned by Mr. LIU Dong, one of the Controlling Shareholders and executive Directors.
3. These Shares are held by Sunlion which is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. YAN Tangfeng (a non-executive Director).

12. Interest discloseable under the SFO and substantial Shareholders

So far as is known to the Directors, immediately following completion of the Global Offering and the Capitalization Issue (but without taking account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), other than the Directors or chief executives of our Company whose interests are disclosed under the sub-paragraph headed “Interests and short positions of Directors and chief executives of our Company in the Shares, underlying Shares or debentures of our Company and our associated corporations” above, the following persons will 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, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of shareholder	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Excel Orient (Note 2)	Our Company	Beneficial owner	553,609,836 Shares (L)	69.20%
Ms. WANG Lingli	Our Company	Family interest (Note 3)	553,609,836 Shares (L)	69.20%
Sunlion (Note 4)	Our Company	Beneficial owner	46,230,066 Shares (L)	5.78%
Ms. YANG Chun	Our Company	Family Interest (Note 5)	46,230,066 Shares (L)	5.78%

Notes:

- The letter “L” denotes the person’s long position in the shares of our Company or the relevant Group member.
- Excel Orient is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. LIU Dong, one of the Controlling Shareholders and executive Directors. Therefore, Mr. LIU Dong is also deemed to have the interest owned by Excel Orient.
- Ms. WANG Lingli is the spouse of Mr. LIU Dong. Therefore, Ms. WANG Lingli is deemed, or taken to be interested in the Shares which Mr. LIU Dong is interested in for the purpose of the SFO.
- Sunlion is a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Mr. YAN Tangfeng (a non-executive Director). Therefore, Mr. YAN Tangfeng is also deemed to have the interest owned by Sunlion.
- Ms. YANG Chun is the spouse of Mr. YAN Tangfeng. Therefore, Ms. YANG Chun is deemed, or taken to be interested in the Shares which Mr. YAN Tangfeng is interested in for the purpose of the SFO.

13. 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 and any options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Global Offering and the Capitalization Issue will have an interest or a short position in the Shares, underlying Shares or debenture of or Company 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, either 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 our Group;
- (b) none of the Directors 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, in each case once the Shares are listed;
- (c) none of the Directors nor any of the parties listed in paragraph 21 below 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 the subsidiaries of our Company, 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 own name or in the name of a nominee;
- (d) none of the Directors nor any of the parties listed in paragraph 21 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of our Group taken as a whole; and

- (e) save in connection with the Underwriting Agreements, none of the parties listed in paragraph 21 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.

OTHER INFORMATION

14. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 26 June 2012.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions the Eligible Participants (as defined in sub-paragraph (b) below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with sub-paragraph (f) below to the following persons (“**Eligible Participants**”):

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;

- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of the Group;
 - (bb) quality of work performed for the Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to the Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to sub-paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser as the case may be pursuant to sub-paragraph (r), the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of the Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 80,000,000 Shares (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with sub-paragraph (r) below whether by way of capitalization issue, rights issue, consolidation, sub-division of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this sub-paragraph.

(e) Maximum number of options to any one individual

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 the Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the “**Cancelled Shares**”)) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:
 - (aa) the Eligible Participant’s name, address and occupation;
 - (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
 - (cc) the date upon which an offer for an option must be accepted;
 - (dd) the date upon which an option is deemed to be granted and accepted in accordance with sub-paragraph (c);
 - (ee) the number of Shares in respect of which the option is offered;
 - (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;

- (gg) the date of the notice given by the grantee in respect of the exercise of the option;
- (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in sub-paragraph (c); and
- (ii) such other terms and conditions (including, without limitation, any minimum period for which an option shall be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.

(f) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) 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 in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant, such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this sub-paragraph, the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by the Company to the Shareholders pursuant to the above sub-paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of Options

A grant of options may not 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 pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for the Company to publish an announcement of the results for any year, or half-year, or quarterly or other interim period (whether or not required under the Listing Rules); and ending on the date of actual publication of the results announcement.

(i) Rights are personal to grantee

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme by our Shareholders (the “**Adoption Date**”). Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his relationship with the Company and/or any of its subsidiaries on one or more of the grounds specified in sub-paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation

which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as the Company may determine); or

- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its subsidiaries under sub-paragraph (m) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(m) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of 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 offence involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(n) Rights on takeover

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon

the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(p) Rights on compromise or arrangement between the Company and its members or creditors

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which the Company was incorporated, the Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two Business Days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as are attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, subdivision or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issues relating to share option schemes. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this sub-paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issues relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in sub-paragraphs (l), (m), (n) or (o);
- (iii) the date upon which the scheme of arrangement of the Company referred to in sub-paragraph (p) becomes effective;
- (iv) subject to sub-paragraph (o), the date of commencement of the winding-up of the Company;

- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of the Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive; or
- (vi) the date upon which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of sub-paragraph (i) above or the options are cancelled in accordance with sub-paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted;

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme must still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to sub-paragraph (i).

(v) Termination of the Share Option Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the Joint Bookrunners (for themselves and on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in sub-paragraph (x) above are not satisfied within 12 calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

The Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 80,000,000 Shares in total.

15. Estate duty, tax and other indemnities

Mr. LIU Dong and Excel Orient (the “**Indemnifiers**”) have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph 8 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 at any time on or before the Listing; and
- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, 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 or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 December 2011;

- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 January 2012 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 entered into 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, other 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 on or before the Listing Date; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 December 2011 or pursuant to any statement of intention made in the prospectus; or
- (c) to the extent that such taxation liabilities or claim arise 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 or claim 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 31 December 2011 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of 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.

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, the failure to pay social insurances, housing fund and work-related injury contributions due or payable for employees of our Group by any members of our Group prior to the Listing (as more particularly disclosed in the sections headed "Risk Factors — Risks Relating to our Business — Non-compliance with the social insurances and housing fund contribution regulations in the PRC could lead to imposition of penalties

or other liabilities” and “Directors, Senior Management and Employees — Social Insurances and Housing Fund” in this prospectus), the failure which have occurred at any time on or before the Listing by any members of our Group to have the valid and legal rights to own, use and/or hold any of its leased or owned properties or to comply with the laws and regulations in connection with its leased or owned properties, the Civil Mediation Agreement (as more particularly disclosed in the sections headed “Risk Factors — Risks Relating to our Business — We are potentially liable for the payment of the Outstanding Settlement amount under the Civil Mediation Agreement” and “Connected Transactions” in this prospectus), the irregularities in relation to the 2003 Filings and 2005 Filings (as more particularly disclosed in the section headed “Connected Transactions” in this prospectus), and any other non-compliance of any member of our Group which has occurred at any time on or before the Listing Date.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands.

16. Litigation

As of the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

17. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$30,000 and are payable by our Company.

18. Promoters

Our Company has no promoter for the purposes of the Listing Rules.

19. Agency fees or commissions received

The Underwriters will receive a commission of 3.5% of the aggregate Offer Price in respect of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions. The Sole Sponsor will also receive fees relating to the Global Offering. Such commissions, selling concessions, fees and expenses, together with the Stock Exchange listing fees, legal and other professional fees, and printing and other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$40 million based on the minimum Offer Price of HK\$1.10 and approximately HK\$41 million based on the maximum Offer Price of HK\$1.32 (both assuming no exercise of the Over-allotment Option), will be payable by our Company.

20. Application for listing of Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, being up to 10% of the Shares in issue on the Listing Date, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

21. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Mizuho Securities Asia Limited	Licensed corporation to carry on types 1 (dealing in securities), 2 (dealing in future contracts), 4 (advising on securities), 5 (advising on future contracts), 6 (advising on corporate finance) and 9 (asset management) regulated activity as defined under the SFO
KPMG	Certified public accountants
Maples and Calder	Cayman Islands legal adviser
Jingtian & Gongcheng	Qualified PRC lawyers
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Professional property valuer and consultant

22. Consents of experts

Each of Mizuho Securities Asia Limited, KPMG, Maples and Calder, Jingtian & Gongcheng, and Jones Lang LaSalle Corporate Appraisal and Advisory Limited has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

23. 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 of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

24. Taxation of holders of Shares*(a) Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. 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.

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

(b) The Cayman Islands

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

(c) Consultation with professional advisers

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 or exercising any rights attaching to them. It is emphasized that none of our Company, 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 or exercising any rights attaching to them.

25. Miscellaneous

- (a) Save as disclosed herein:
 - (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 or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (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
- (b) The Directors confirm that save as disclosed in this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2011 (being the date to which the latest consolidated financial statements of our Group were made up) up to the date of this prospectus.
- (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) The register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. All transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong.
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system.

26. 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 from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).