
INITIAL MANAGEMENT, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

INITIAL MANAGEMENT SHAREHOLDERS

So far as the Directors are aware, immediately after the completion of the International Placing but without taking into account of any H Shares which may be allotted and issued pursuant to an exercise of the Over-allotment Option, the following persons will be regarded as Initial Management Shareholders under the GEM Listing Rules:

Name	Number of Domestic Shares held immediately after the International Placing (Excluding any H Shares which may be issued upon the exercise of the Over-allotment Option)	Nature of interest	Approximate percentage of shareholding in the Company immediately after the International Placing (Excluding the H Share which may be issued upon the exercise of the Over-Allotment Option)
Ye Shi Qu	340,000,000	Corporate	70%
Tianda Holding	272,000,000	Beneficial	56%
Tianda Investment	68,000,000	Beneficial	14%

Notes:

1. Each of the Initial Management Shareholders has confirmed that he/it is not currently engaged in any business which, either directly or indirectly, competes with the Company's business. According to the non-competition agreement signed by each of the Initial Management Shareholders with the Company dated 18 November 2006, each of the Initial Management Shareholders has undertaken unconditionally that during the period in which he/it remains as a shareholder of the Company and one year thereafter, inter alia:
 - (i) he/it will not and will procure his/its associates and companies controlled by him/it or his/its associates not to invest or participate in any other business which may compete with the business that the Company is engaged or will engage in;
 - (ii) he/it will not take advantage of his/its relationship with or position as a shareholder of the Company to engage or participate in any behaviour which may prejudice the Company and its other shareholders; and
 - (iii) in the event the Initial Management Shareholders were given any business opportunities that is or may involve in direct or indirect competition with the businesses of the Company, the Initial Management Shareholders shall assist the Company to obtain such business opportunities in the terms being offered to the Initial Management Shareholders, or more favourable terms or term being acceptable to the Company; and
 - (iv) he/it undertakes to provide all information necessary for the annual review by the independent non-executive Directors in connection with the enforcement of the non-competition agreement or the monitoring of related disclosure from time to time.

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- Each of the Initial Management Shareholders has undertaken to the Company and the Stock Exchange that for a period commencing on the date of this prospectus and ending on the date which is (a) 12 months from the Listing Date, or (b) where the shareholders' relevant securities represent no more than 1% of the issued share capital of the Company as at the Listing Date, six months from the Listing Date, it will not (i) dispose of (nor enter into any agreement to dispose of) or permit the registered holder to dispose of (or to enter into agreement to dispose of) any of its direct or indirect interest in its relevant securities; or (ii) otherwise create (nor enter into any agreement to create) or permit the registered holder to create (or to enter into any agreement to create) any options, rights, interests or encumbrances in respect of any such interest; and
- The Directors have undertaken to the Company and the Stock Exchange that they will not approve the transfer of and the registration of any transfer of the Domestic Shares held by the Initial Management Shareholders during the applicable moratorium periods in respect of Rule 13.16(1) of the GEM Listing Rules as required.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately after completion of the International Placing but without taking into account of any H Shares which may be allotted and issued pursuant to an exercise of the Over-allotment Option, the following persons will be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company:

Name	Number of Domestic Shares of RMB0.50 each held immediately before and after the completion of the International Placing	Approximate percentage of holding in the registered share capital of the Company immediately before the completion of the International Placing	Approximate percentage of holding in the registered share capital of the Company immediately after the completion of the International Placing
Tianda Holding (<i>Note 1</i>)	272,000,000	80%	56%
Tianda Investment	68,000,000	20%	14%
Ye Shi Qu (<i>Note 2</i>)	340,000,000	100%	70%

Notes:

- Pursuant to the SFO, since Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Tianda Holding is deemed to be interested in 100% and 70% of the registered capital of the Company immediately before and after completion of the International Placing, respectively.
- Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding, and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in all Domestic Shares held by Tianda Holding and Tianda Investment.

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SIGNIFICANT SHAREHOLDERS

So far as the Directors are aware, immediately after completion of the International Placing but without taking into account of any H Shares which may be allotted and issued pursuant to an exercise of the Over-allotment Option, the Company will have no significant shareholder as defined under the GEM Listing Rules.

UNDERTAKINGS

It was provided in Article 21 of the Articles of Association that the Domestic Shares of the Company shall not be transferred for a period of one year from the Listing Date since the H Shares of the Company were to be listed on the Hong Kong Stock Exchange. Therefore, the Domestic Shares held by the Promoters are subject to the same restriction and shall not be transferred for a period of one year from the Listing Date.

Each of the Directors has undertaken not to approve and will procure the Company not to approve the transfer of and the registration of any transfer of the Domestic Shares owned by the Initial Management Shareholders during the applicable moratorium periods in respect of Rule 13.16(1) of the GEM Listing Rules as required.

Each of the Initial Management Shareholders has undertaken to the Stock Exchange and the Company that for a period commencing from the date of this prospectus and ending on the date which is (a) 12 months from the Listing Date; or (b) where the shareholders' relevant securities represent no more than 1% of the issued share capital of the Company as at the Listing Date, six months from the Listing Date:

- (a) he shall not dispose of (nor enter into any agreement to dispose of) nor permit the registered holder to dispose of (or to enter into any agreement to dispose of) any of his direct or indirect interest in the Shares;
- (b) in the event that he pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods set out above, he will inform the Company immediately thereafter, disclosing the details prescribed by the GEM Listing Rules; and
- (c) having pledged or charged any of his interest in the Shares under sub-paragraph (b) above, he must inform the Company immediately in the event that he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares affected.

ESCROW ARRANGEMENTS

Under Rule 13.16(1) of the GEM Listing Rules, the Company shall procure that each of the Initial Management Shareholders places in escrow, with an escrow agent and on such terms as acceptable to the Stock Exchange, his/her Relevant Securities (as defined under Rule 13.15(4) of the GEM Listing Rules) for a period of (a) 12 months from the Listing

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Date commencing from the date of this prospectus; or (b) where the Initial Management Shareholders' Relevant Securities represent no more than 1% of the issued share capital of the Company as at the Listing Date, 6 months from the Listing Date commencing from the date of this prospectus, on terms acceptable to the Stock Exchange. All of the Initial Management Shareholders of the Company are subject to the escrow arrangement under Rule 13.16(1) of the GEM Listing Rules.

The Directors consider that Rule 13.16(1) of the GEM Listing Rules are not applicable to the Domestic Shares held by the Initial Management Shareholders as the Domestic Shares are not represented by any form of physical scrip or title documents. Holders of Domestic Shares are unable to create any pledge or charge by deposit of the title documents of their respective Domestic Shares or any part thereof. This also means that the subject matter for custody by the escrow agent under Rule 13.16(1) of the GEM Listing Rules do not physically exist in any form available for custody purposes.

It was provided in Article 21 of the Articles of Association that the Domestic Shares of the Company shall not be transferred for a period of one year from the Listing Date since the H Shares of the Company were to be listed on the Hong Kong Stock Exchange. Therefore, the Domestic Shares held by the Promoters are subject to the same restriction and shall not be transferred for a period of one year from the Listing Date.

Given the above, the Company has applied for a waiver from strict compliance with Rule 13.16(1) of the GEM Listing Rules in respect of making physical escrow arrangements and the waiver has been granted by the Stock Exchange on condition that:

- (1) each of the Initial Management Shareholders undertakes to the Company and the Stock Exchange that for a period commencing on the date of this prospectus and ending on the date which is (a) 12 months from the Listing Date, or (b) where the shareholders' relevant securities represent no more than 1% of the issued share capital of the Company as at the Listing Date, six months from the Listing Date; it will not (i) dispose of (nor enter into any agreement to dispose of) or permit the registered holder to dispose of (or to enter into any agreement to dispose of) any of its direct or indirect interest in its relevant securities; or (ii) otherwise create (nor enter into any agreement to create) or permit the registered holder to create (or to enter into any agreement to create) any options, rights, interests or encumbrances in respect of any such interest; and
- (2) the Directors undertake to the Company and the Stock Exchange that they will not approve and will procure the Company not to approve the transfer of and the registration of any transfer of the Domestic Shares held by the Initial Management Shareholders during the applicable moratorium periods in respect of Rule 13.16(1) of the GEM Listing Rules as required.