BUSINESS DEVELOPMENT

Since 2001, our Group has been principally engaged in the provision of the deployment services of optical fibers in the PRC. Below set forth the important milestones of our Group's history to date:

- In 2004, our Group secured the first exclusive right in using public sewage systems in Baoding.
- In 2006, our Group signed its first deployment contract which explicitly involved micro-ducts and mini-cables technology in Xingtai.
- In 2007, our Group registered ten patents in relation to the deployment of optical fibers utilising micro-ducts and mini-cables, including but not limited to mini-cables reserve box for reconstructed telecommunication pipeline, devices for installation telecommunication optical cables in the rain and sewage pipeline and a cable-operating pushing robot based on water deposition technique.
- In 2008, our Group registered six patents in relation to the deployment of optical fibers utilising micro-ducts and mini-cables, including but not limited to a type of telecommunication micro-ducts for non-excavation micro controlling pipe jacking deployment technique and a type of cable troughing deployment technique for installation of micro telecommunication pipeline in city traffic road.
- In March 2011, our Group completed the acquisition of Shijiazhuang Qiushi to extend our business to cover low-voltage equipment integration services.

CORPORATE DEVELOPMENT

Introduction

Our Group was originated from the restructuring of Hebei Changtong and Beijing U-Ton, our operating subsidiaries established in the PRC in June 2000 and January 2007, respectively. Immediately before the Reorganisation, Hebei Changtong and Beijing U-Ton were solely owned by Mr. Jiang, our Controlling Shareholder, and his spouse, Ms. Guo.

In the process of the Reorganisation, Shijiazhuang Qiushi, which was then wholly owned by Mr. Li, our Substantial Shareholder, and his spouse, Ms. Ren, was acquired by our Group and became a member of our Group in March 2011.

A brief description of the corporate history of our operating subsidiaries is set out below.

Hebei Changtong

Hebei Changtong, one of the operating subsidiaries of our Group, was established on 20 June 2000 as a limited liability company in the PRC with a registered capital of RMB500,000 and was then owned as to 66.00%, 20.00%, 10.00% and 4.00% by Mr. Jiang, Mr. Zhang Wenbo (張文寶) (an Independent Third Party), Mr. Ma Jieping (馬傑平) (our employee until October 2000), Mr. Sun Chengbin (孫承斌) (our employee until December 2008), respectively.

Hebei Changtong commenced its business in 2001 and was then principally engaged in the business of deployment services of optical fibers by using traditional techniques in the PRC and commenced the use of micro-ducts and mini-cables technology in its business in 2006.

In July 2000, because of the increase of the registered capital to RMB2.68 million by other shareholders (who are Independent Third Parties, employees and ex-employees of Hebei Changtong), Mr. Jiang's equity interests in Hebei Chongtong was diluted from 66.00% to approximately 33.36%. However, he remained the single largest shareholder. In March 2001, he increased his equity interests to approximately 67.30% by way of acquisition of 30.00% equity interests from another shareholder (who is an Independent Third Party) and further capital contribution for the sum of RMB320,000 in cash. The consideration for the acquisition of the said 30.00% equity interests amounted to RMB804,500 and was determined by reference to respective capital contribution to the then registered capital.

Thereafter, there had been various increases and transfers of the registered capital of Hebei Changtong during the period from January 2001 to May 2009 affecting the shareholding of Mr. Jiang and his associates, the details of which are set out below:

Step	**Date**	**Relevant event**	**Consideration**	**Shareholding in Hebei Changtong (%) (Note 1)**
A. *(Note 2)*	1 March 2001	Increase of registered capital to RMB3.00 million Transfer of approximately 30.00% equity interests (out of total registered capital of RMB2.68 million before the increase of registered capital) by an Independent Third Party to Mr. Jiang	RMB320,000 contributed by Mr. Jiang in cash RMB804,500 from Mr. Jiang to an Independent Third Party	(1) Mr. Jiang — approximately 67.30%; (2) four shareholders (who are employees and ex-employees of Hebei Changtong) — approximately 20.86%; and (3) three shareholders (who are Independent Third Parties) — approximately 11.84%

<table>
<tr><th>Step</th><th>Date</th><th>Relevant event</th><th>Consideration</th><th>Shareholding in Hebei Changtong (%) (Note 1)</th></tr>
<tr><td rowspan="2">B.
(Note 2)</td><td>1 July 2001</td><td>Transfer of approximately 1.79% equity interests (out of the total registered capital of RMB3.00 million before the increase of registered capital) by an Independent Third Party to Mr. Jiang</td><td>RMB53,800 from Mr. Jiang to an Independent Third Party</td><td rowspan="2">(1) Mr. Jiang — approximately 67.20%;
(2) four shareholders (who are employees and ex-employees of Hebei Changtong and an associate of an employee) — approximately 23.50% (after various transfers of equity interests and subscription of registered capital); and
(3) two shareholders (who are Independent Third Parties) — approximately 9.30% (after various transfers of equity interests and subscription of registered capital)</td></tr>
<tr><td>15 August 2001</td><td>Increase of registered capital to RMB8.00 million</td><td>1. RMB3,305,000 contributed by Mr. Jiang in cash and by way of contribution of machineries and equipment;
2. RMB1,237,000 contributed by four shareholders (who are employees and ex-employees and an associate of an employee of Hebei Changtong) in cash; and
3. RMB458,000 contributed by two shareholders (who are Independent Third Parties) in cash</td></tr>
</table>

Step	Date	Relevant event	Consideration	Shareholding in Hebei Changtong (%) (Note 1)
C. *(Note 2)*	30 November 2002	Transfer of approximately 1.10% equity interests by Mr. Jiang to shareholders (who are Independent Third Parties and employees and ex-employees of Hebei Changtong)	RMB89,800 by shareholders (who are Independent Third Parties and employees and ex-employees of Hebei Changtong) to Mr. Jiang	(1) Mr. Jiang — approximately 66.10%; (2) four shareholders (who are employees and ex-employees of Hebei Changtong and an associate of an employee) — approximately 25.01% (after various transfers of equity interests); and (3) two shareholders (who are Independent Third Parties) — approximately 8.89% (after various transfers of equity interests)
D. *(Note 2)*	8 March 2007	Transfer of approximately 5.86% equity interests by an Independent Third Party to Mr. Jiang	RMB468,800 from Mr. Jiang to an Independent Third Party	(1) Mr. Jiang — approximately 71.96%; and (2) three shareholders (who are employees and ex-employees of Hebei Changtong) — approximately 28.04% (after various transfers of equity interests)

Step	Date	Relevant event	Consideration	Shareholding in Hebei Changtong (%) (Note 1)
E.	19 March 2007	Increase of registered capital to RMB10.00 million	1. RMB825,000 contributed by Mr. Jiang in cash; 2. RMB48,300 contributed by Ms. Jiang Ling (a sister of Mr. Jiang) in cash; and 3. RMB1,126,700 contributed by shareholders (who are employees and ex-employees and an associate of an ex-employee of Hebei Changtong) in cash	(1) Mr. Jiang — approximately 60.82%; (2) Ms. Jiang Ling — approximately 0.48%; and (3) thirty-nine shareholders (who are employees and ex-employees and an associate of an ex-employee of Hebei Changtong) — approximately 38.70% *(Note 3)*
		Transfer of approximately 6.25% equity interests (out of the total registered capital of RMB8.00 million before the increase of registered capital) by Mr. Jiang to a shareholder (who is an ex-employee of Hebei Changtong)	RMB500,000 by a shareholder (who is an ex-employee of Hebei Changtong) to Mr. Jiang	
F.	1 February 2009	Transfers of a total sum of approximately 17.04% equity interests by three shareholders (who are employees and ex-employees of Hebei Changtong) to Mr. Jiang	Total consideration of the transfers — RMB1,703,500	(1) Mr. Jiang — approximately 77.85%; (2) Ms. Jiang Ling — approximately 0.48%; and (3) thirty-six shareholders (who are employees and ex-employees and an associate of an ex-employee of Hebei Changtong) — approximately 21.66%

Step	Date	Relevant event	Consideration	Shareholding in Hebei Changtong (%) (Note 1)
G.	1 May 2009	Transfer of approximately 0.48% equity interests by Ms. Jiang Ling (a sister of Mr. Jiang) and a total of approximately 6.75% equity interests held by twenty-nine shareholders (who are employees and ex-employees and an associate of an ex-employee of Hebei Changtong) to a shareholder (who is an employee of Hebei Changtong)	RMB48,300 and RMB675,000 from a shareholder (who is an employee of Hebei Changtong) to Ms. Jiang Ling and twenty-nine shareholders (who are employees and ex-employees and an associate of an ex-employee of Hebei Changtong), respectively	(1) Mr. Jiang — approximately 77.85%; and (2) seven shareholders (who are employees and ex-employees of Hebei Changtong) — approximately 22.15% (after various transfers of equity interests)

Notes:

1. The consideration was arrived at after arm's length negotiations between the parties and by reference to the respective capital contribution to the then registered capital.

2. Between Step A and Step D, there were various equity transfers in Hebei Changtong in which Mr. Jiang and his associates were not involved.

3. The change of shareholding in relation to thirty-nine shareholders (who are employees and ex-employees and an associate of an ex-employee of Hebei Changtong) involved: (1) capital contribution for the total sum of RMB320,120 by the existing three shareholders (who are employees and ex-employees of Hebei Changtong), (2) capital contribution for the total sum of RMB806,580 by thirty-five new shareholders (who were employees and ex-employees and an associate of an ex-employee of Hebei Changtong), and (3) transfer of approximately 6.25% equity interests (out of the total registered capital of RMB8.00 million before the increase of registered capital) by Mr. Jiang to a new shareholder who is an ex-employee of Hebei Changtong.

Mr. Jiang owned approximately 77.85% equity interests in Hebei Changtong after the change of the shareholdings in May 2009. On 21 December 2010, Mr. Jiang acquired the remaining 22.15% equity interests in Hebei Changtong from all other shareholders (who are employees and ex-employees of Hebei Changtong) at a total consideration of RMB2,214,700, which was arrived at after arm's length negotiations between the parties and by reference to the respective capital contribution to the then registered capital, and became the sole shareholder of Hebei Changtong until immediately before the Reorganisation.

Beijing U-Ton

Beijing U-Ton, one of the operating subsidiaries of our Group, was established on 22 January 2007 as a limited liability company in the PRC with a registered capital of RMB6.00 million and was then owned as to 70.0% and 30.0% by Mr. Liang Shuangli (梁雙利) (an Independent Third Party) and Ms. Zhao Fengmei (趙鳳梅) (an Independent Third Party), respectively.

Beijing U-Ton commenced its business in March 2007 upon acquisition of the equity interests by Ms. Guo and was then principally engaged in the business of researching and developing new technology, registering patent rights and procuring materials for original equipment manufacturer to manufacture products that are required for Hebei Changtong's practice use.

On 14 March 2007, due to an increase of the registered capital of Beijing U-Ton to RMB10 million which was subscribed by Ms. Guo and an acquisition of the equity interests (consisting of paid up capital contribution of RMB450,000 and unpaid up capital contribution of RMB1,350,000) by Ms. Guo from Ms. Zhao Fengmei for a consideration of RMB450,000 which was determined after arm's length negotiation and by reference to the value of the paid up capital contribution to the then registered capital, the equity interests of Beijing U-Ton were owned as to 58% and 42% by Ms. Guo and Mr. Liang Shuangli, respectively. On 1 June 2008, Ms. Guo further acquired the equity interests consisting of unpaid up capital contribution of RMB3,150,000 from Mr. Liang Shuangli at nil consideration, which was determined after arm's length negotiation and by reference to the fact that the subject capital contribution was unpaid, and after such change Ms. Guo owned approximately 89.5% equity interests in Beijing U-Ton. On 16 November 2009, Mr. Jiang acquired (i) the remaining 10.5% equity interests consisting of paid up capital contribution of RMB1,050,000 from Mr. Liang Shuangli (the then shareholder of such remaining 10.5% equity interests) for a consideration of RMB1,050,000 which was determined after arm's length negotiation and by reference to the value of the paid up capital contribution to the then registered capital involved and (ii) 48.5% equity interests (the capital contribution for the sum of RMB4,850,000 in relation to which was unpaid up) from Ms. Guo at nil consideration, which was determined after arm's length negotiation and by reference to the fact that the subject capital contribution was unpaid, respectively. As advised by Commerce & Finance, in respect of the equity interests which were transferred from Mr. Liang Shuangli to Ms. Guo on 1 June 2008 and from Ms. Guo to Mr. Jiang on 16 November 2009, the relevant capital contribution was unpaid at the time of the transfers and subsequently made by Mr. Jiang to Beijing U-Ton pursuant to the capital verification reports and the aforesaid equity transfers were duly registered with the SAIC, hence the equity transfers were legal and enforceable. Since then, Beijing U-Ton was owned as to 59.0% and 41.0% by Mr. Jiang and Ms. Guo, respectively, until immediately before the Reorganisation.

Shijiazhuang Qiushi

Shijiazhuang Qiushi, one of the operating subsidiaries of our Group, was established on 25 March 1999 as a limited liability company in the PRC with a registered capital of RMB500,000 and was then owned as to 60.0% and 40.0% by Mr. Li and Ms. Fan Yunmeng (樊芸蒙) (an Independent Third Party), respectively.

Shijiazhuang Qiushi commenced business in 1999 and was then principally engaged in the business of sale of equipment for telecommunication. In 2007, Shijiazhuang Qiushi engaged in the business of provision of low-voltage equipment integration services.

In July 2003, because of the increase of the registered capital to RMB10.18 million which was contributed by Mr. Li and Ms. Ren, Shijiazhuang Qiushi was owned as to approximately 71.12%, 26.92% and 1.96% by Mr. Li, Ms. Ren and Ms. Fan Yunmeng, respectively. Mr. Li acquired the remaining 1.96% equity interests in Shijiazhuang Qiushi from Ms. Fan Yunmeng at a consideration of RMB200,000 on 28 February 2010. The consideration was determined after arm's length negotiation and by reference to the respective capital contribution to the then registered capital. Since then, Shijiazhuang Qiushi was owned as to approximately 73.08% and 26.92% by Mr. Li and Ms. Ren, respectively, until immediately before the Reorganisation.

Shijiazhuang Qiushi is principally engaged in the business of providing telecommunication equipments to telecommunication operators and installation service for low-voltage equipment and accessories. With the reasons set out below, our Directors believe that the acquisition of Shijiazhuang Qiushi will enhance our revenue stream instead of constituting a change in the business focus of our Group.

The major reasons for the acquisition of Shijiazhuang Qiushi under the Reorganisation as discussed below were as follows:

- Create business synergies — Through the provision of a comprehensive solution of connecting the telecommunication network by using our deployment services of optical fibers to the intelligence control system of end users by using the low-voltage equipment integration services of Shijiazhuang Qiushi, our Group intends to promote our distinctive comprehensive services to clients including real estate companies so as to broaden our revenue stream and capture the synergy effect of both businesses;

- Diversify our clients base — By creating opportunities to accessing new client base, our clientele portfolio can be enriched and we are diversifying our financial risks from relying on our existing major clients;

- Consolidate proper qualifications and experience of staffs — Shijiazhuang Qiushi has engaged in the provision of low-voltage equipment integration services for years under the leadership of Mr. Li, who is our executive Director, and possesses sufficient qualifications ready for our business to cover such services. Through equipping with the existing qualifications held by and the experienced staffs led by Mr. Li of Shijiazhuang Qiushi, our Directors believe that we can expand the low-voltage equipment integration services at faster pace resulting in increasing revenue. The experience of Mr. Li regarding the low-voltage equipment integration services has been set out in the section headed "Directors, senior management and staff" in this document.

- Capture potential market growth — As noted from the industy information compiled by CCID Consulting and set out in the section headed "Industry overview" in this document, the market for the low-voltage equipment integration is expected to grow in 2012 with the rapid development in the construction, transportation and financial industries in China. In view of the market potential of the low-voltage equipment integration services, the acquisition of Shijiazhuang Qiushi allows us to seize the business opportunities when the market is still at the growing stage. For further details of the relevant demands, please refer to the section headed "Industry overview - Low-voltage equipment integration services" in this document.

REORGANISATION

In order to streamline our corporate structure and business operations with a single vertical holding structure over our operating subsidiaries, we restructured our corporate structure such that Beijing U-Ton, Hebei Changtong and Shijiazhuang Qiushi were acquired by Hebei Deer. The following presents a general description of the corporate history of our Company and our investment holding vehicles immediately before the Reorganisation:

Our Company

Our Company was incorporated in the Cayman Islands on 7 March 2011 and is the holding company of our subsidiaries. As at the Latest Practicable Date, all allotted and issued shares of our Company were held by Bright Warm and Ordillia as to 80.00% and 20.00%, respectively.

As a result of our Reorganisation, our Company, through Partnerfield, indirectly holds the entire equity interests in Hebei Deer, which in turns, holds the entire equity interests in Hebei Changtong, Beijing U-Ton and Shijiazhuang Qiushi. Please refer to the section headed "History, development and reorganisation — Reorganisation" in this document and the section headed "Further information about our Company — Group reorganisation" in Appendix IV to this document for further details about the Reorganisation.

Partnerfield

Partnerfield was incorporated in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each on 7 July 2005 and principally engaged in investment holding. The first shareholders include Believe Power (which was then wholly owned by Mr. Li), Boom World (which was then wholly owned by Mr. Du), Plansmart (which was then wholly owned by Mr. Zhang Gaobo (an Independent Third Party)), and Ms. Soo Fong To (an Independent Third Party), who owned as to 60%, 15%, 15% and 10% of the then equity interests in Partnerfield, respectively.

Mr. Jiang's investment in Believe Power was summarised as follows:

Date	**Relevant event**	**Shareholding in Believe Power (%)** *(Note 1)*
1 October 2005	Subscription of shares by Mr. Jiang, Mr. Yan, Mr. Li and an Independent Third Party as to 3,800, 2,500, 1,700 and 1,000 shares, respectively	(1) Mr. Jiang — 3,800 shares (38%); (2) Mr. Li — 2,700 shares (27%); (3) Mr. Yan — 2,500 shares (25%); and (4) An Independent Third Party — 1,000 shares (10%)
21 and 30 December 2005	Transfer of 463, 1,197 and 840 shares by Mr. Yan to Mr. Jiang, Mr. Li and an Independent Third Party, respectively	(1) Mr. Jiang — 4,263 shares (42.63%); (2) Mr. Li — 3,897 shares (38.97%); and (3) An Independent Third Party — 1,840 shares (18.4%)
18 December 2009	Transfer of 4,263, 3,897 and 1,840 shares by Mr. Jiang, Mr. Li and an Independent Third Party to Mr. Du *(Note 2)*	Mr. Du — 10,000 shares (100%)
19 November 2010	Transfer of 4,263 and 3,897 shares by Mr. Du to Mr. Jiang and Mr. Li, respectively *(Note 3)*	(1) Mr. Jiang — 4,263 shares (42.63%); (2) Mr. Li — 3,897 shares (38.97%); and (3) Mr. Du — 1,840 shares (18.4%)

Notes:

1. Unless otherwise specified, the consideration was arrived at after arm's length negotiations between the parties and by reference to the par value of the shares of Believe Power at US$1 per share.

2. On 18 December 2009, the then shareholder, which is an Independent Third Party holding 18.4% equity interests in Believe Power, decided to terminate his investment in Partnerfield and Hebei Deer (the business of which was substantially ceased) and disposed his entire equity interests in Believe Power to Mr. Du at par value. As confirmed by Mr. Jiang, Mr. Li and Mr. Du, due to miscommunication between Believe Power's company secretarial service provider and the then shareholders of Believe Power, the company secretarial service provider prepared the share transfer instruments under which the equity interests in Believe Power held by Mr. Jiang and Mr. Li were also transferred to Mr. Du. The executed share transfer instruments were delivered to the company secretarial service provider and the transfers were recorded on the register of members as a result of miscommunication. Mr. Jiang, Mr. Li and Mr. Du were not conversant with English and were not aware of the miscommunication. Mr. Du had not paid any consideration to Mr. Jiang or Mr. Li in this regard.

3. In the course of preparation of the Reorganisation in late 2010, the shareholders discovered the error and Mr. Du executed the share transfer instruments to transfer the shares in Believe Power back to Mr. Jiang and Mr. Li, respectively.

Since October 2005, Believe Power owned 60% equity interests in Partnerfield until the conversion of the 2005 Convertible Bonds by Ordillia in January 2007, after which the equity interests held by Believe Power in Partnerfield were diluted to approximately 49.72% until immediately prior to the Reorganisation.

Partnerfield is an investment holding company. Since the incorporation of Partnerfield, Hebei Deer has been its only direct subsidiary. Upon the disposal of the 80.00% equity interests in Shaanxi Wanghe by Hebei Deer in November 2009, Hebei Deer was the only subsidiary of Partnerfield until the acquisition of Beijing U-Ton by Hebei Deer on 28 December 2010.

Since the incorporation of Partnerfield and before the Reorganisation on 28 December 2010, there had been various changes of shareholding of Partnerfield and its corporate shareholders. Several investors (including Mr. Jiang, Mr. Li, Mr. Du and Mr. Yan (among others)) had invested in Partnerfield in order to finance the operation of the business of Hebei Deer. However, Hebei Deer has no longer carried on any substantive business since 2007 because our Directors believed it would not be profitable. Since then, Partnerfield and Hebei Deer became inactive until acquisition of 95.00% interest in Partnerfield by Mr. Jiang and acquisition of the entire interest in Beijing U-Ton by Hebei Deer at the same time as part of the Reorganisation. The investors of Partnerfield (other than Mr. Jiang, Mr. Li and Mr. Du) have not been involved in the operation of our operating subsidiaries, namely Beijing U-Ton, Hebei Changtong and Shijiazhuang Qiushi.

Financing for the former business of Hebei Deer

To finance the capital contribution for the sum of US$2,880,000 into Hebei Deer in the acquisition of 90% equity interests in Hebei Deer and the former business of Hebei Deer, Partnerfield obtained financing through the following shareholders' loans, and issue of the 2005 Convertible Bonds (as defined below) and the 2006 Convertible Loans (as defined below), the particulars of which are set out below. There is only one class of shares in the share capital of Partnerfield (i.e. ordinary shares) despite the issue of the 2005 Convertible Bonds (and the subsequent conversion in Janaury 2007) and 2006 Convertible Loans.

Shareholders' loans

In 2005, Partnerfield obtained the following shareholders' loans and our liabilities in relation to the shareholders' loans were terminated as follows:

Date of provision of loan	Lender	Amount of loan	Fixed date of repayment	Interest	Termination
7 December 2005	Believe Power	HK$7.50 million	Nil	Nil	Pursuant to the Believe Power Deed of Confirmation, the parties acknowledged (among others) that the shareholders' loan was irrevocably waived by the lender as at 28 December 2010.

Date of provision of loan	Lender	Amount of loan	Fixed date of repayment	Interest	Termination
26 November 2005	Boom World	HK$1.25 million	Nil	Nil	Pursuant to the Boom World Deed of Confirmation, the parties acknowledged (among others) that the shareholders' loan was irrevocably waived by the lender as at 28 December 2010.
6 December 2005	Boom World	HK$2.50 million	Nil	Nil	Pursuant to the Boom World Deed of Confirmation, the parties acknowledged (among others) that the shareholders' loan was irrevocably waived by the lender as at 28 December 2010.
26 November 2005	Plansmart	HK$3.75 million	Nil	Nil	Pursuant to the Plansmart Deed of Confirmation, the parties acknowledged (among others) that the shareholders' loan was irrevocably waived by the lender as at 28 December 2010.

The Accountants' Report set out in Appendix I to this document only includes the financial information of Partnerfield after 28 December 2010, the date Partnerfield being acquired by Beijing U-Ton from accounting perspective (as set out in the section headed "Financial information" in this document). Accordingly, the shareholders' loans and the waiver granted by the lenders were not explicitly reflected in the Accountants' Report set out in Appendix I to this document.

Partnerfield had also raised finance by way of issue of the 2005 Convertible Bonds and the 2006 Convertible Loans. All of them have been terminated and/or settled and their details are set out below.

2005 Convertible Bonds

Pursuant to a subscription agreement dated 25 November 2005, Partnerfield issued one convertible bond with the principal amount of HK$3.75 million to each of Boom World and Plansmart (collectively, the "**2005 Convertible Bonds**"). Principal terms of the 2005 Convertible Bonds include:

Principal amount: HK$3.75 million each

Interest: Fixed amount of interest of HK$0.50 million

Maturity: The first anniversary of the issuance date

Security: Nil.

Conversion price. The conversion price is approximately HK$3,626.7 per share (i.e. 1,034 shares shall be allotted upon exercise of the conversion rights under each of the 2005 Convertible Bonds).

On 24 November 2006, the parties agreed to change the maturity date of the 2005 Convertible Bonds to 28 February 2007. On the same day, each of Boom World and Plansmart assigned the 2005 Convertible Bonds held by each of them to Ordillia at a consideration of HK$3.75 million for each of the 2005 Convertible Bonds.

On 23 January 2007, Ordillia exercised the conversion rights under the 2005 Convertible Bonds and acquired 2,068 shares in Partnerfield.

Upon the conversion of the 2005 Convertible Bonds set out above, all rights of the bondholder attached to the 2005 Convertible Bonds were extinguished.

Partnerfield used the shareholders' loans (for the total sum of HK$15 million) and the 2005 Convertible Bonds (for the total sum of HK$7.5 million) for the capital contribution for the sum of US$2,880,000 into Hebei Deer in the acquisition of 90% equity interests in Hebei Deer. There was no specific plan to apply for [●] at the time of issuance of the 2005 Convertible Bonds.

2006 Convertible Loans

In December 2006 and January 2007, Partnerfield (as the borrower) entered into the following convertible loan agreements (collectively, the "**2006 Convertible Loans**"):

Date of agreement	Lender	Principal amount of loan	Conversion ratio	Repayment and termination
20 December 2006	Guofu (Hong Kong) Holdings Limited *(Note 1)*	HK$5.00 million	4.00% of the total equity of the [●] vehicle (immediately before [●]) holding the entire issued capital of Partnerfield	Partnerfield repaid HK$0.5 million in March 2011. Pursuant to the Guofu Deed of Termination (as supplemented and amended), the parties agreed and acknowledged (among others) that: (i) the convertible loan agreement and all liabilities, rights and claims thereunder should be terminated; (ii) Partnerfield settled two sums of approximately HK$2.26 million and HK$3.16 million to the lender in July 2011 and December 2011, respectively; (iii) other than the payment obligation set out in (ii) above, all other obligations of Partnerfield under the convertible loan were discharged. Accordingly the interest and premium up to the date of the Guofu Deed of Termination of approximately HK$5.1 million in respect of the convertible loan was credited as income.
20 December 2006	Hoifu Investment Limited *(Note 2)*	HK$5.00 million	4.00% of the total equity of the [●] vehicle (immediately before [●]) holding the entire issued capital of Partnerfield	The loan amount had not been drawn down. Pursuant to the Hoifu Deed of Termination, the parties agreed and acknowledged (among others) that the convertible loan agreement and all liabilities, rights and claims thereunder should be terminated.
20 December 2006	Bridgecity Investments Limited *(Note 3)*	HK$10.00 million	8.00% of the total equity of the [●] vehicle (immediately before [●]) holding the entire issued capital of Partnerfield	The loan amount had not been drawn down. Pursuant to the Bridgecity Deed of Termination, the parties agreed and acknowledged (among others) that the convertible loan agreement and all liabilities, rights and claims thereunder should be terminated.

Date of agreement	Lender	Principal amount of loan	Conversion ratio	Repayment and termination
20 December 2006	Golden Acropolis Management Limited *(Note 4)*	HK$10.00 million	8.00% of the total equity of the [●] vehicle (immediately before [●]) holding the entire issued capital of Partnerfield	The loan amount had not been drawn down. Pursuant to the Golden Acropolis Deed of Termination, the parties agreed and acknowledged (among others) that the convertible loan agreement and all liabilities, rights and claims thereunder should be terminated.
8 January 2007	Delong China International Limited *(Note 5)*	HK$10.00 million	8.00% of the total equity of the [●] vehicle (immediately before [●]) holding the entire issued capital of Partnerfield	Partnerfield repaid HK$8.00 million in August 2007 and a sum of HK$1.00 million in June 2011. Pursuant to the Delong Deed of Termination (as supplemented and amended), the parties agreed and acknowledged (among others) that: (i) the convertible loan agreement and all liabilities, rights and claims thereunder should be terminated; (ii) Partnerfield settled a sum of HK$1.00 million to the lender in December 2011; (iii) other than the payment obligation set out in (ii) above, all other obligations of Partnerfield under the convertible loan were discharged. Accordingly the interest and premium up to the date of the Delong Deed of Termination of approximately HK$1.25 million in respect of the convertible loan was credited as income.

Date of agreement	Lender	Principal amount of loan	Conversion ratio	Repayment and termination
8 January 2007	Dragonview Capital Inc. *(Note 6)*	HK$10.00 million	8.00% of the total equity of the [●] vehicle (immediately before [●]) holding the entire issued capital of Partnerfield	Partnerfield repaid HK$8.00 million in August 2007 and a sum of HK$1.00 million in June 2011. Pursuant to the Dragonview Deed of Termination (as supplemented and amended), the parties agreed and acknowledged (among others) that: (i) the convertible loan agreement and all liabilities, rights and claims thereunder should be terminated; (ii) Partnerfield settled a sum of HK$1.00 million to the lender in December 2011; (iii) other than the payment obligation set out in (ii) above, all other obligations of Partnerfield under the convertible loan were discharged. Accordingly, the interest and premium up to the date of the Dragonview Deed of Termination of approximately HK$1.25 million was credited as income.

Other principal terms of the 2006 Convertible Loans include:

Interest on the principal amount of the loan: 5.00% per annum and accrued on daily basis

Security: Nil.

Benchmark Profit:

For the convertible loan agreements with Guofu (Hong Kong) Holdings Limited and Hoifu Investment Limited, Partnerfield agreed that, if the audited net profits of Partnerfield for the year of 2007 was lower than HK$40 million, it should procure Believe Power, Boom World, Plansmart, Ordillia and the Independent Third Party who held the then 10% equity interests in Partnerfield, to indemnify the lender as follows:

Indemnification amount = shortfall between audited net profits of Partnerfield and HK$40 million
x 50% x 1/6

For the convertible loan agreements with Bridgecity Investments Limited and Golden Acropolis Management Limited, Partnerfield agreed that, if the audited net profits of Partnerfield for the year of 2007 was lower than HK$40 million, it should procure Believe Power, Boom World, Plansmart, Ordillia and the Independent Third Party who held the then 10% equity interests in Partnerfield, to indemnify the lender as follows:

Indemnification amount = shortfall between audited net profits of Partnerfield and HK$40 million
x 50% x 1/3

For the convertible loan agreements with Delong China International Limited and Dragonview Capital Inc., Believe Power and Mr. Yan agreed that, if the audited net profits of Partnerfield for the year of 2007 was lower than HK$40 million, they should indemnify the lender as follows:

Indemnification amount = shortfall between audited net profits of Partnerfield and HK$40 million
x 50% x 1/3

Maturity: Partnerfield should repay a sum equivalent to (i) 122.5% x principal amount of the loan, (ii) the aforesaid interest on the principal amount of the loan, and (iii) other liabilities under the 2006 Convertible Loans upon 18 months after the execution of the respective convertible loan agreement

Upon receipt of the financing under the 2006 Convertible Loans for the total sum of HK$25 million in January 2007, the then investors of Partnerfield and the lenders of the 2006 Convertible Loans planned to use the sum to further invest in the then business of Hebei Deer. It was planned to expand the business such that it could be [●] by the end of 2007. Out of the expectation of the investors and the lenders of the 2006 Convertible Loans, shortly after receipt of the financing, the investors considered that the business was not matured and could not meet the [●] plan due to high operation costs and that the size of the deployment projects market may be adversely affected by the speculated reorganisation of telecommunication operators in the PRC (which was then implemented in 2008) such that the number of major telecommunication operators would be reduced. The investors decided not to further invest in the then business and our Group started to repay the lenders of the 2006 Convertible Loans in August 2007 in order to minimise the losses and to terminate the 2006 Convertible Loans conclusively.

Upon the termination of the 2006 Convertible Loans set out above, all rights of the lenders pursuant to the respective convertible loan agreements were extinguished.

Notes:

1. Guofu (Hong Kong) Holdings Limited is a limited liability incorporated in Hong Kong and wholly owned by an Independent Third Party.

2. Hoifu Investment Limited is a limited liability incorporated in the BVI and wholly owned by an Independent Third Party.

3. Bridgecity Investments Limited is a limited liability incorporated in the BVI and wholly owned by an Independent Third Party.

4. Golden Acropolis Management Limited is a limited liability incorporated in the BVI and wholly owned by an Independent Third Party.

5. Delong China International Limited is a limited liability incorporated in the BVI and wholly owned by Independent Third Parties.

6. Dragonview Capital Inc. is a limited liability incorporated in the BVI and wholly owned by Independent Third Parties.

Hebei Deer

Hebei Deer was established in Hebei Province of the PRC as a limited liability company on 20 October 2003 with a registered capital of RMB10.00 million. Hebei Deer commenced its business in 2003 and was then principally engaged in the business of research and development of the technology for optical fibers for installation in duct. Hebei Deer was converted into a sino-foreign equity joint venture enterprise on 31 October 2005 when Partnerfield acquired 90.00% of its equity interests, and converted into a wholly foreign-owned enterprise on 25 May 2011 with a registered capital of US$4,110,000 when Partnerfield further acquired the remaining 10.00% equity interests of Hebei Deer from Hebei Ruihui.

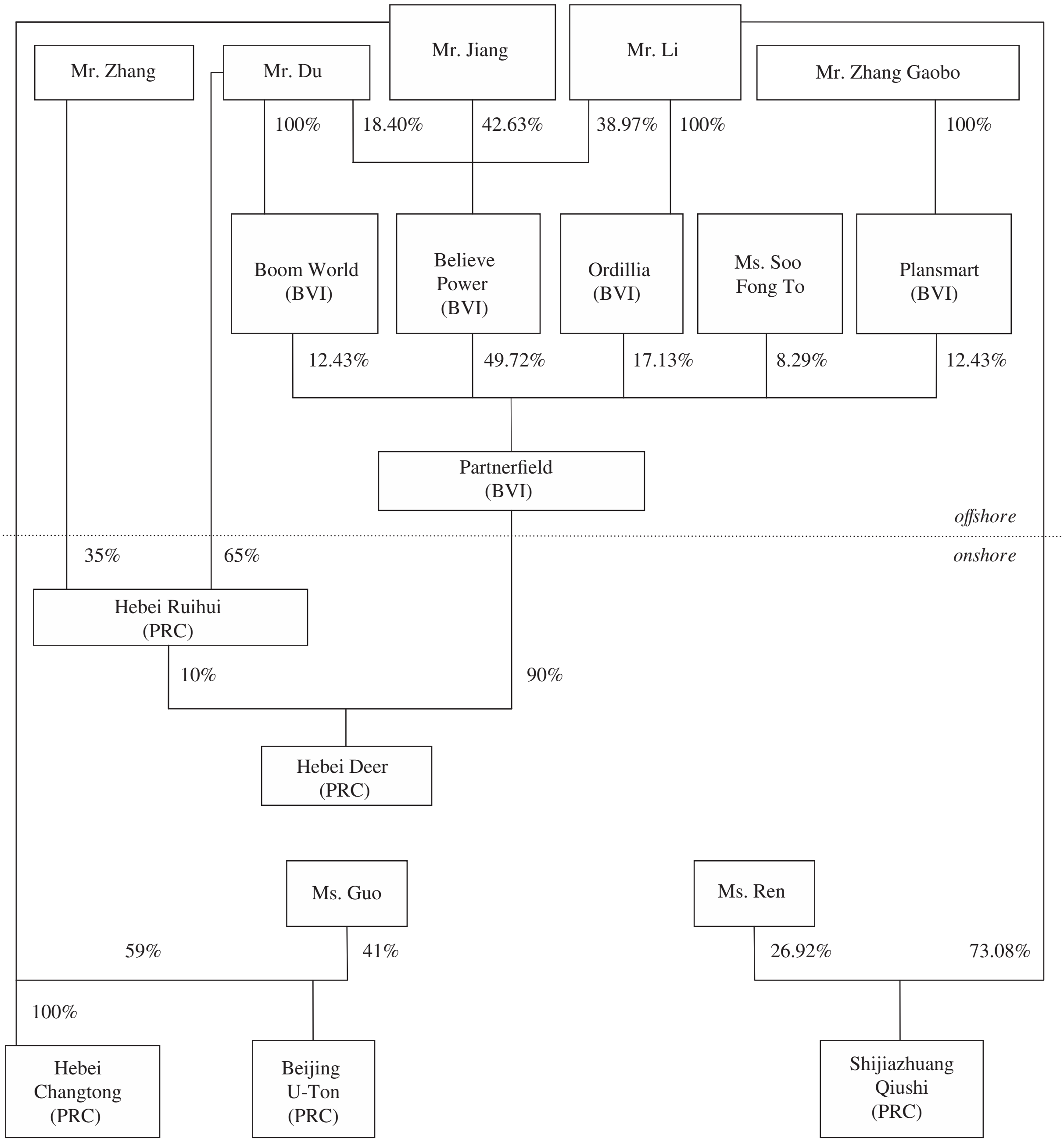
In April 2006, Hebei Deer acquired 80.00% equity interests in Shaanxi Wanghe from Independent Third Parties at a consideration of RMB8.00 million determined by reference to the respective capital contribution to the then registered capital. The reason for the acquisition is that Hebei Deer may cooperate with Shaanxi Wanghe to facilitate the development of its business in Xi'an where Shaanxi Wanghe has been based.

In addition, since Shaanxi Wanghe failed to secure deployment contracts from clients resulting in the accumulated loss in its financial statement prior to the disposal of the equity interests of Shaanxi Wanghe held by Hebei Deer, Mr. Jiang, Mr. Li and other investors decided to focus on their other investments and had not further provided financing to invest in Hebei Deer and Shaanxi Wanghe, so Hebei Deer and Shaanxi Wanghe continued to be at a dormant stage and have no substantive business since 2007. In November 2009, Hebei Deer disposed the 80.00% equity interests in Shaanxi Wanghe to Mr. Chen Qizheng (陳齊爭) (who was hired as the manager of Beijing U-Ton between March 2011 and April 2011 and an Independent Third Party as at the Latest Practicable Date) at a consideration of RMB290,910.58 determined by reference to the audited net asset value of Shaanxi Wanghe as at 31 August 2009. Since 2007, Hebei Deer and its then subsidiary, Shaanxi Wanghe (prior to the disposal by Hebei Deer of its equity interests in Shaanxi Wanghe in November 2009), have no substantive business until the acquisition of Beijing U-Ton on 28 December 2010.

To the best of our Directors' knowledge and as confirmed by Mr. Chen Qizheng (陳齊爭), Mr. Chen Qizheng (陳齊爭) has been engaged in the telecommunication business and acquainted to Mr. Jiang for years. Hence, Beijing U-Ton hired Mr. Chen Qizheng (陳齊爭) as its manager with a view to further developing our client network through his relationship with clients in the telecommunication industry in March 2011 and Mr. Chen Qizheng (陳齊爭) accepted the appointment based on his acquaintance and relationship with Mr. Jiang. In April 2011, Mr. Chen Qizheng (陳齊爭) decided to focus on his own business and ceased to be the manager of Beijing U-Ton and was no longer an employee of our Group. To the best of our Directors' knowledge and as confirmed by Mr. Chen Qizheng (陳齊爭), Mr. Chen Qizheng (陳齊爭) had an acquaintance with several local clients in Xi'an and was able to secure optical fiber deployment contracts with them. Mr. Chen Qizheng (陳齊爭) considered our patented technologies and equipment in relation to micro-ducts and mini-cables system integration methods would be applicable in the deployment projects secured by Shaanxi Wanghe and hence subcontracted the projects to us and became one of the five largest clients of our Group in 2010 and 2011.

As confirmed by our Directors, Partnerfield has no other significance and role in our Group save as serving as an investment holding company and Hebei Deer as the vehicle for holding of various exclusive rights of using public sewer systems for deployment of optical fibers in various areas.

The following chart is the corporate structure chart of our Group immediately before the Reorganisation:



Note: Mr. Zhang Gaobo and Ms. Soo Fong To are Independent Third Parties as at the Latest Practicable Date.

Prior to the Reorganisation, Mr. Jiang and Mr. Li preliminarily planned that (i) Mr. Jiang would acquire the equity interests in Partnerfield and inject the business of Beijing U-Ton and Hebei Changtong into our Group first; and (ii) Mr. Li would subsequently obtain 20% equity interests in Partnerfield on the condition that (a) the equity interests in Shijiazhuang Qiushi would be transferred to our Group, with a view to broadening our revenue stream, and (b) Mr. Li should be responsible for acquiring the entire equity interests in Plansmart held by Mr. Zhang Gaobo and procuring Plansmart to waive the shareholder's loan of HK$3.75 million. It was also agreed between Mr. Jiang and Mr. Li that Mr. Li's interest in Partnerfield would also be transferred to Mr. Jiang when Mr. Jiang injected the business of Beijing U-Ton and Hebei Changtong into our Group until Mr. Li began to conduct the steps under (ii) above.

Negotiation was conducted with each investor by Mr. Jiang and Mr. Li individually and separately. Conclusion was eventually reached such that the investors acknowledged that the then business of Partnerfield and Hebei Deer (which has not continued in substance since 2007) was not profitable resulting in accumulated loss, and therefore agreed to (i) acknowledge and accept their investment loss in Partnerfield made previously by way of shareholders' loans; (ii) waive their shareholders' loans due from Partnerfield; and (iii) transfer their equity interests (except Plansmart which was then wholly owned by Mr. Zhang Gaobo) in Partnerfield at par value to Mr. Jiang, and additional shares were allotted to Mr. Jiang so that he would own Partnerfield as to 95% while the entire equity interests in Beijing U-Ton were transferred to Hebei Deer by him and Ms. Guo simultaneously. For details, please refer to steps 1 and 2 below.

As to Mr. Zhang Gaobo's 5% interest in Partnerfield through Plansmart, negotiation was conducted by Mr. Li with him individually and conclusion was reached on 14 January 2011 such that Mr. Li would purchase his entire equity interests in Plansmart with reference to his investment to Partnerfield, which was made by way of shareholder's loan at HK$3.75 million (which was waived on 28 December 2010), plus a premium of HK$150,000. For details, please refer to step 3 below.

On 28 January 2011, Hebei Deer further acquired the entire equity interests in Hebei Changtong from Mr. Jiang at a consideration of RMB10 million. For details, please refer to step 4 below.

Our Directors confirmed that Hebei Changtong was acquired one month later than the acquisition of Beijing U-Ton by Hebei Deer because additional time was taken for the preparation of the relevant documents and arrangement for the signing by the parties.

As agreed between Mr. Jiang and Mr. Li, Mr. Li altogether held 20% equity interests in Partnerfield (including the equity interests in Partnerfield held by Plansmart whose entire equity interests were acquired by Mr. Li from Mr. Zhang Gaobo on 14 January 2011 and the shares allotted to him on 1 March 2011) upon Hebei Deer's acquisition of the entire equity interests in Shijiazhuang Qiushi held by him and Ms. Ren at a total consideration of approximately RMB9.67 million on 1 March 2011. For details, please refer to steps 5 and 6 below.

On 28 April 2011, Partnerfield entered into an equity transfer agreement with Hebei Ruihui and acquired 10% equity interests in Hebei Deer. On 25 May 2011, upon the completion of the acquisition of the 10% equity interests in Hebei Deer from Hebei Ruihui by Partnerfield, Hebei Deer became our wholly-owned subsidiary. For details, please refer to step 8 below.

Upon completion of the share swap between our Company and Partnerfield on 11 May 2011, Partnerfield was wholly owned by our Company which was owned as to 80% and 20% by Mr. Jiang and Mr. Li through their investment holding companies. For details, please refer to step 9 below.

Although the restructuring costs of approximately RMB13.7 million was incurred in 2010 due to the acquisition of Partnerfield and Hebei Deer, it had no actual net cash outflow of our Group at the time of acquisition of Partnerfield and Hebei Deer because the restructuring costs incurred mainly arose from the recognition of negative net asset value of Partnerfield and Hebei Deer of RMB11.7 million at the time of acquisition and a dilution of 10% equity interests in Beijing U-Ton of RMB1.8 million both being non-cash items. In addition, Hebei Deer holds various exclusive rights of using public sewer systems for deployment of optical fibers in various areas which may be utilised by the Group to provide deployment services in the future. Based on the above factors and that the acquisitions of Beijing U-Ton, Hebei Changtong and Shijiazhuang Qiushi by Hebei Deer did not breach any rules or regulations in the PRC (as confirmed by Commerce & Finance), the Group underwent the onshore and offshore corporate restructuring under the steps pursuant to the Reorganisation.

The steps of the Reorganisation are summarised as follows:

- Step 1 — On 28 December 2010, Mr. Jiang acquired the equity interests in Partnerfield held by all the then shareholders except Plansmart. The consideration per share was equivalent to the par value of each share. On the same day, Partnerfield issued and allotted 17,932 shares credited as fully paid at par to Mr. Jiang. Upon completion, the equity interests in Partnerfield were owned as to 95.00% and 5.00% by Mr. Jiang and Plansmart, respectively.

- Step 2 — On 28 December 2010, Hebei Deer entered into an equity transfer agreement with each of the shareholders of Beijing U-Ton, namely, Ms. Guo and Mr. Jiang, respectively, and acquired the entire equity interests in Beijing U-Ton pursuant to the terms set out below:

  (a) Pursuant to an equity transfer agreement dated 28 December 2010 entered into between Ms. Guo and Hebei Deer, Hebei Deer acquired 41.00% equity interests in Beijing U-Ton from Ms. Guo at a consideration of RMB4.10 million. The consideration was determined after arm's length negotiation and by reference to the respective capital contribution to the then registered capital.

  (b) Pursuant to an equity transfer agreement dated 28 December 2010 entered into between Mr. Jiang and Hebei Deer, Hebei Deer acquired 59.00% equity interests in Beijing U-Ton from Mr. Jiang at a consideration of RMB5.90 million. The consideration was determined after arm's length negotiation and by reference to the respective capital contribution to the then registered capital.

  (c) Upon completion of the equity transfers on 28 December 2010, the equity interests in Beijing U-Ton was wholly owned by Hebei Deer.

- Step 3 — On 14 January 2011, Mr. Li acquired the entire equity interests in Plansmart from Mr. Zhang Gaobo, an Independent Third Party as at the Latest Practicable Date, at a consideration of HK$3.90 million. The consideration was determined after arm's length negotiation and by reference to the amount owed by Plansmart to Mr. Zhang Gaobo (which was the source of funding for the shareholder's loan of HK$3.75 million provided by Plansmart to Partnerfield, the particulars of which are set out in the section headed "History, development and reorganisation — Reorganisation — Shareholders' loans" in this document) plus a premium as agreed by the parties under a commercial decision.

- Step 4 — On 28 January 2011, Hebei Deer entered into an equity transfer agreement with Mr. Jiang, the sole shareholder of Hebei Changtong, and acquired the entire equity interests in Hebei Changtong pursuant to the terms set out below:

  (a) Pursuant to an equity transfer agreement dated 28 January 2011 entered into between Mr. Jiang and Hebei Deer, Hebei Deer acquired the entire equity interests in Hebei Changtong from Mr. Jiang at a consideration of RMB10.00 million. The consideration was determined after arm's length negotiation and by reference to respective capital contribution to the then registered capital.

  (b) Upon completion of the equity transfers on 28 January 2011, the equity interests in Hebei Changtong were wholly owned by Hebei Deer.

- Step 5 — On 1 March 2011, Hebei Deer entered into an equity transfer agreement with each of the shareholders of Shijiazhuang Qiushi, namely, Mr. Li and Ms. Ren, and acquired the entire equity interests in Shijiazhuang Qiushi pursuant to the terms set out below:

  (a) Pursuant to an equity transfer agreement dated 1 March 2011 entered into between Mr. Li and Hebei Deer, Hebei Deer acquired approximately 73.08% equity interests in Shijiazhuang Qiushi from Mr. Li at a consideration of approximately RMB7.07 million. The consideration was determined after arm's length negotiation and by reference to the net asset value of Shijiazhuang Qiushi on 31 December 2010 assessed by an independent asset valuer qualified in the PRC.

  (b) Pursuant to an equity transfer agreement dated 1 March 2011 entered into between Ms. Ren and Hebei Deer, Hebei Deer acquired approximately 26.92% equity interests in Shijiazhuang Qiushi from Ms. Ren at a consideration of approximately RMB2.60 million. The consideration was determined after arm's length negotiation and by reference to the net asset value of Shijiazhuang Qiushi assessed by an independent asset valuer qualified in the PRC.

  (c) Upon completion of the equity transfers on 1 March 2011, the equity interests in Shijiazhuang Qiushi were wholly owned by Hebei Deer.

- Step 6 — On 1 March 2011 when the above equity transfer agreements in step 5 above were entered, Partnerfield issued and allotted 5,625 shares credited as fully paid at par to Mr. Li. Upon completion, the equity interests of Partnerfield were owned as to 80.00%, 15.79% and 4.21% by Mr. Jiang, Mr. Li and Plansmart (the entire equity interests of which were owned by Mr. Li), respectively.

- Step 7 — On 7 March 2011, our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$100,000 divided into 1 million shares having a par value of HK$0.10 each. On the same day, one share with par value of HK$0.10 was allotted and issued as fully paid at par to Company Secretaries Ltd., the first subscriber. On 31 March 2011, the first subscriber transferred the issued one share to Ordillia and 19 and 80 additional shares were issued and allotted at par to Ordillia and Bright Warm, respectively. Upon completion, our Company was owned as to 80.00% and 20.00% by Bright Warm and Ordillia, respectively.

- Step 8 — On 28 April 2011, Partnerfield entered into an equity transfer agreement with Hebei Ruihui and acquired 10.00% equity interests in Hebei Deer pursuant to the terms set out below:

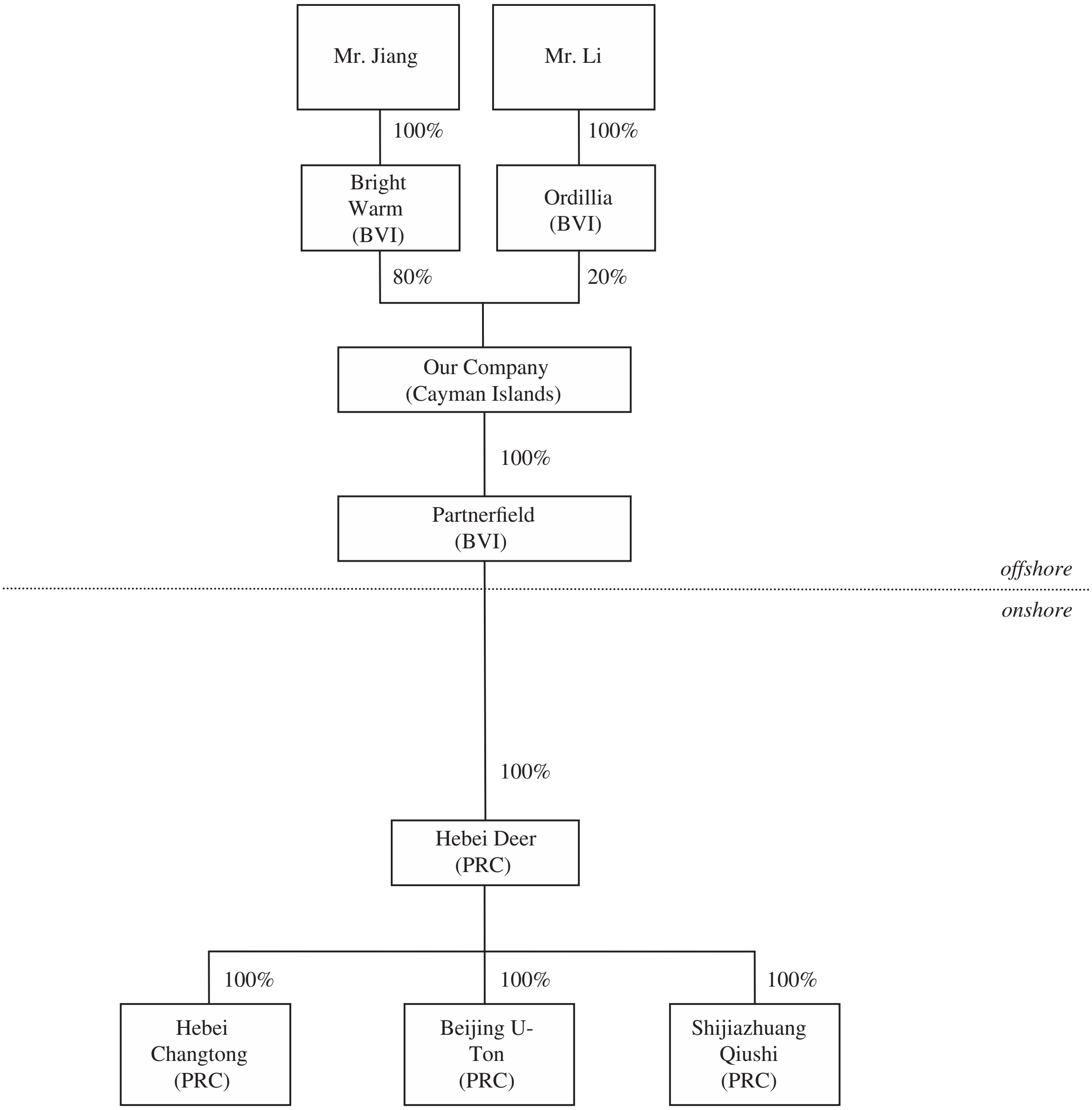
  (a) Pursuant to an equity transfer agreement dated 28 April 2011 entered into between Partnerfield and Hebei Ruihui, Partnerfield acquired 10.00% equity interests in Hebei Deer from Hebei Ruihui at a consideration of RMB1.80 million. The consideration was determined by reference to the audited net asset value of Hebei Deer as at 31 December 2010.

  (b) Upon completion of the equity transfers on 25 May 2011, the equity interests of Hebei Deer was wholly owned by Partnerfield. Hebei Deer was converted into a wholly foreign-owned enterprise.

- Step 9 — On 11 May 2011, in consideration of our Company allotting 720 shares credited as fully paid to Bright Warm, Mr. Jiang transferred the 80.00% equity interests in Partnerfield held by him to our Company. On the same day, in consideration of our Company allotting 180 shares credited as fully paid to Ordillia, Mr. Li and Plansmart transferred the 15.79% and 4.21% equity interests in Partnerfield held by each of them to our Company, respectively. Upon completion, our Company continued to be owned as to 80.00% and 20.00% by Bright Warm and Ordillia, respectively.

- Upon completion of the Reorganisation, our Company became the ultimate holding company of our Group in anticipation of the [●].

The following chart set out the shareholding structure of our Group immediately following the completion of the Reorganisation, but before the completion of the [●]:



Circular 75

On 21 October 2005, the SAFE issued Circular 75, which became effective as of 1 November 2005. According to Circular 75, (a) a PRC citizen must register with the local SAFE branch before he or she establishes or controls a SPV for the purpose of conducting overseas equity financing; (b) when a PRC citizen contributes assets or equity interests to an overseas SPV, or engages in overseas financing after contributing assets or equity interests in a domestic enterprise to an overseas SPV, such PRC citizen must register his or her interest in the overseas SPV or any change to his or her interest in the overseas SPV with the local SAFE branch; and (c) when the overseas SPV undergoes a material change in capital outside the PRC, such as a change in share capital or merger and acquisition, the PRC citizen must, within 30 days after the occurrence of such event, register such change with the local SAFE branch. Moreover, Circular 75 applies retroactively.

Under the relevant rules, failure to comply with the registration procedures set forth in Circular 75 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entity, and may also subject relevant PRC residents to penalties under the PRC foreign exchange administration regulations.

Mr. Jiang and Mr. Li have completed the initial foreign exchange registration for their overseas investment and the registration for the change of their beneficial interest in their overseas investments.

In order to streamline our corporate structure and business operations with a single vertical holding structure over our operating subsidiaries, we restructured our corporate structure such that Beijing U-Ton, Hebei Changtong and Shijiazhuang Qiushi were acquired by Hebei Deer as part of the steps of the Reorganisation. Commerce & Finance, advised that the acquisitions of Beijing U-Ton, Hebei Changtong and Shijiazhuang Qiushi by Hebei Deer are re-investment activities by Hebei Deer under the relevant regulations in relation to the re-investment of the foreign invested enterprises. Therefore, the M&A Regulations are not applicable to such acquisitions and the acquisitions have not breached any rules or regulations in the PRC.

As advised by Commerce & Finance, the M&A Regulations are not applicable to the [●] and our Group has obtained all requisite permits, consents, licenses, filings and approvals for each stage of the onshore reorganisation of our Group by the respective governing authorities.