
APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 March 2011.

Our Company has been registered in Hong Kong under Part XI of the Companies Ordinance as a non-Hong Kong company with a principal place of business in Hong Kong at Rooms 2201-03, 22/F, World-Wide House, 19 Des Voeux Road, Central, Hong Kong. In compliance with the requirements of the Companies Ordinance, Mr. Pang Chun Kit, our company secretary, has been appointed as our authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to Cayman Islands law. Its constitution comprises the Memorandum and the Articles. A summary of certain relevant part of its constitution and certain relevant aspects of Companies Law is set out in Appendix III to this document.

2. Changes in share capital of our Company

- (i) As at the date of its incorporation on 7 March 2011, our Company had an authorised share capital of HK\$100,000 divided into 1,000,000 Shares of HK\$0.10 each. On the same day, one Share was allotted and issued as fully paid at par to Company Secretaries Ltd., the first subscriber.
- (ii) On 31 March 2011, the first subscriber transferred one issued Share to Ordillia, and additional 19 and 80 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.
- (iii) On 11 May 2011, Mr. Jiang transferred 28,500 shares of US\$1.00 each in the share capital of Partnerfield, representing 80.00% of its issued share capital, to our Company, in consideration of which our Company allotted and issued 720 Shares, credited as fully paid, to Bright Warm at the direction of Mr. Jiang.
- (iv) On 11 May 2011, Mr. Li and Plansmart transferred 5,625 and 1,500 shares of US\$1.00 each in the share capital of Partnerfield, representing 15.79% and 4.21% of its issued share capital, respectively, to our Company, in consideration of which our Company allotted and issued 135 and 45 Shares, credited as fully paid, to Ordillia, respectively. Upon completion, our Company continued to be owned as to 80.00% and 20.00% by Bright Warm and Ordillia, respectively.
- (v) On 27 May 2012, our Shareholders resolved to increase the authorised share capital of our Company from HK\$100,000 to HK\$400,000,000 divided into 4,000,000,000 Shares by the creation of additional 3,999,000,000 Shares.

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Other than pursuant to the exercise of the [●] 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 authorised 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 herein and in the section headed “History, development and reorganisation — Reorganisation” in this document, 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 all Shareholders passed on 27 May 2012

Written resolutions were passed by all Shareholders on 27 May 2012 pursuant to which, among other matters:

- (a) our Company approved and adopted the Articles of Association with effect from the [●];
- (b) the authorised share capital of our Company was increased from HK\$100,000 divided into 1,000,000 Shares of HK\$0.1 each to HK\$400,000,000 divided into 4,000,000,000 Shares by the creation of additional 3,999,000,000 Shares (the “Increase”).

4. Group reorganisation

Our Group underwent the Reorganisation prior to the [●] 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 Reorganisation, please refer to the section headed “History, development and reorganisation — Reorganisation” in this document.

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

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

In addition to the alterations described in the section headed “History, development and reorganisation” in this document, the following alterations in the share capital of each of our Company’s subsidiaries took place within two years immediately preceding the date of this document:

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Hebei Changtong

On 21 December 2010, the following transfers in equity interests of Hebei Changtong were taken place:

- (a) Zhang Yuedong (張躍東) transferred 11.552% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB1,155,200;
- (b) Sun Chengbin (孫承斌) transferred 2.543% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB254,300;
- (c) Liu Shiwen (劉世文) transferred 7.552% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB755,200;
- (d) Jia Jinpeng (賈金鵬) transferred 0.322% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB32,200;
- (e) Zhou Ye (周業) transferred 0.081% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB8,100;
- (f) Cao Jinwang (曹金旺) transferred 0.081% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB8,100; and
- (g) Yang Hongzhi (楊洪志) transferred 0.016% equity interests in Hebei Changtong to Mr. Jiang at a consideration of RMB1,600.

Save as disclosed above and in the section headed “History, development and reorganisation” in this document, 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 document.

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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 at the Latest Practicable Date are set out below:

Hebei Deer

- | | | | |
|--------|---|---|--|
| (i) | Date of Establishment | : | 20 October 2003 |
| (ii) | Date of conversion into a sino-foreign equity joint venture enterprises | : | 4 November 2005 |
| (iii) | Date of conversion into a wholly foreign-owned enterprise | : | 25 May 2011 |
| (iv) | Registered Office | : | Room 20-905, East Zone, Century Garden Donggang Road, Shijiazhuang Hebei Province, China |
| (v) | Corporate nature | : | limited liability company (wholly foreign-owned enterprise) |
| (vi) | Registered capital | : | US\$4,110,000 |
| (vii) | Term of operation | : | 20 October 2003 to 3 November 2035 |
| (viii) | Legal representative | : | Mr. Li |
| (ix) | Shareholder(s) | : | Partnerfield (100%) |
| (x) | Scope of business | : | integration and construction of pipeline engineering system; network engineering technology development, provision of technology development and technology consulting services in relation to network engineering (for projects which requires relevant qualification certificates, operations could only be conducted after obtaining the relevant qualification certificates) |

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Hebei Changtong

- (i) Date of Establishment : 20 June 2000
- (ii) Registered Office : 5/F, Shennong Building, No. 45 Tangunan Street, Yuhua District, Shijiazhuang, Hebei Province, China
- (iii) Corporate nature : limited liability company
- (iv) Registered capital : RMB10,000,000
- (v) Term of operation : 22 June 2000 to 21 June 2020
- (vi) Legal representative : Mr. Jiang
- (vii) Shareholder(s) : Hebei Deer (100%)
- (viii) Scope of business : construction of lines, pipelines and facilities inside and outside buildings; design, integration, installation and testing of computer system (operations shall not be conducted if they are prohibited under PRC laws and regulations; for projects which requires approvals and permits from relevant PRC authorities, operations could only be conducted after obtaining the relevant approvals and permits)

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Shijiazhuang Qiushi

- (i) Date of Establishment : 25 March 1999
- (ii) Registered Office : East Side, 7/F, Block A, Dashimen, No. 108 Donggang Road, Shijiazhuang, Hebei Province, China
- (iii) Corporate nature : limited liability company
- (iv) Registered capital : RMB10,180,000
- (v) Term of operation : 25 March 1999 to 23 October 2026
- (vi) Legal representative : Mr. Li
- (vii) Shareholder(s) : Hebei Deer (100%)
- (viii) Scope of business : retail and wholesale of wire telecommunication equipment and office automation facilities; development, installation, maintenance of landline telephone of China TieTong Telecommunications Corporation; design, installation and maintenance of safety engineering system (valid until 1 March 2011); laying of lines; installation and testing of cable TV; integration of computer networks, development and sales of computer software and hardware; sales, installation and maintenance of energy-saving lights; fire control; sales, installation and maintenance of fire control products; decoration; sales, installation and maintenance of audio-visual products; sales, installation and maintenance of surveillance equipment and light emitting diode (LED)

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Beijing U-Ton

- (i) Date of Establishment : 22 January 2007
- (ii) Registered Office : No. A129, 6/F, Jinyuan Shidai Shopping Mall, No.1, Yuanda Road, Haidian District, Beijing, China
- (iii) Corporate nature : limited liability company
- (iv) Registered capital : RMB10,000,000
- (v) Term of operation : 22 January 2007 to 21 January 2037
- (vi) Legal representative : Mr. Jiang
- (vii) Shareholder(s) : Hebei Deer (100%)
- (viii) Scope of business : Technology development, technology transfer, provision of technology services; import and export of goods, import and export of technology, provision of import and export agency services; sales of electronic products; provision of computer system services; provision of professional contracting services

7. Securities repurchase mandate

This paragraph includes information required by the [●] to be included in this document 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 [●] must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all Shareholders on 27 May 2012, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorising any repurchase by our Company of our Shares on the [●] or any other stock exchange on which the securities of our Company may be listed and which is recognised by the [●] and the [●] 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 [●] and the [●] but excluding any Shares which may be issued pursuant to the exercise of the [●] and the options which may be granted under 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 the Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

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(b) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. A [●] company may not repurchase its own securities on the [●] for a consideration other than cash or for settlement otherwise than in accordance with [●]. 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 authorised by the Articles of Association and subject to the provisions of the 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 authorised by the Articles of Association and subject to the provisions of the 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) *Funding of repurchases*

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

On the basis of the current financial position of our Group as disclosed in this document 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 document. 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.

The exercise in full of the Repurchase Mandate, on the basis of 1,680,000,000 Shares in issue immediately after the [●], would result in up to 168,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

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(e) *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 [●] that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the [●], the Articles of Association and the applicable laws of the Cayman Islands.

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 [●]. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the [●]), 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 [●] as a result of a repurchase of Shares made after the [●]. The Directors are not aware of any other consequences of the repurchases which would give rise under the [●] immediately after the [●].

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 [●] to waive the [●] 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 [●].

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 [●] 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 [●]).

No connected person (as defined in the [●]) 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 GROUP

1. **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 [●] and are or may be material:

- (a) the equity transfer agreement dated 28 December 2010 and entered into between Mr. Jiang and Hebei Deer, pursuant to which Mr. Jiang transferred his equity interests in Beijing U-Ton in respect of capital contribution for the sum of RMB5,900,000 to Hebei Deer at a consideration of RMB5,900,000;

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- (b) the equity transfer agreement dated 28 December 2010 and entered into between Ms. Guo and Hebei Deer, pursuant to which Ms. Guo transferred her equity interests in Beijing U-Ton in respect of capital contribution for the sum of RMB4,100,000 to Hebei Deer at a consideration of RMB4,100,000;
- (c) the equity transfer agreement dated 28 January 2011 and entered into between Mr. Jiang and Hebei Deer, pursuant to which Mr. Jiang transferred 100% equity interests in Hebei Changtong to Hebei Deer at a consideration of RMB10,000,000;
- (d) the equity transfer agreement dated 1 March 2011 and entered into between Mr. Li, and Hebei Deer, pursuant to which Mr. Li transferred 73.08% equity interests in Shijiazhuang Qiushi to Hebei Deer at a consideration of RMB7,066,000;
- (e) the equity transfer agreement dated 1 March 2011 and entered into between Ms. Ren and Hebei Deer, pursuant to which Ms. Ren transferred 26.92% equity interests in Shijiazhuang Qiushi to Hebei Deer at a consideration of RMB2,603,000;
- (f) the equity transfer agreement dated 28 April 2011 and entered into between Partnerfield and Hebei Ruihui, pursuant to which Hebei Ruihui transferred 10.00% equity interests in Hebei Deer to Partnerfield at a consideration of RMB1,800,000;
- (g) the instrument of transfer dated 11 May 2011 and entered into between our Company and Mr. Jiang, pursuant to which Mr. Jiang transferred 28,500 shares in the share capital of Partnerfield to our Company, in consideration of which our Company allotted and issued 720 Shares, credited as fully paid, to Bright Warm;
- (h) the instrument of transfer dated 11 May 2011 and entered into between our Company and Mr. Li, pursuant to which Mr. Li transferred 5,625 shares in the share capital of Partnerfield to our Company, in consideration of which our Company allotted and issued 135 Shares, credited as fully paid, to Ordillia;
- (i) the instrument of transfer dated 11 May 2011 and entered into between our Company and Plansmart, pursuant to which Plansmart transferred 1,500 shares in the share capital of Partnerfield to our Company, in consideration of which our Company allotted and issued 45 Shares, credited as fully paid, to Ordillia;
- (j) the Guofu Deed of Termination;
- (k) the Hoifu Deed of Termination;
- (l) the Bridgecity Deed of Termination;
- (m) the Golden Acropolis Deed of Termination;
- (n) the Delong Deed of Termination;
- (o) the Dragonview Deed of Termination;

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- (p) the Believe Power Deed of Confirmation;
- (q) the Boom World Deed of Confirmation;
- (r) the Plansmart Deed of Confirmation;
- (s) the deed of non-competition dated 27 May 2012 and executed by Mr. Jiang, Bright Warm and Ms. Guo as covenantors in favour of the Company;
- (t) the deed of non-competition dated 27 May 2012 and executed by Mr. Li and Ordillia as covenantors in favour of the Company;
- (u) the Deed of Indemnity; and
- (v) [●].

2. Intellectual property rights of our Group

(a) *Trademarks*

As at the Latest Practicable Date, we had applied for registration of the following material trademark:

Trademark	Class	Place of Application	Application Number	Name of Applicant	Application Date
 中国优通控股 China UT Holding	9 (Note 1)	PRC	10231086	Our Company	24 November 2011
 中国优通控股 China UT Holding	37 (Note 2)	PRC	10231115	Our Company	24 November 2011

1. The specification of goods under Class 9 are optical communication instrument; network communication equipment; personal stereos; computers; micrometers; material for electricity mains (wires, cables); light conducting filaments (optical fibers); power station automation equipment; alarms; galvanic cells; all included in Class 9.
2. The specification of services under Class 37 are construction information; construction; mining extraction; upholstering; machinery installation, maintenance and repair; electric appliance installation and repair; office machines and equipment installation, maintenance and repair; computer hardware installation, maintenance and repair; motor vehicle maintenance and repair; telephone installation and repair; all included in Class 37.

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As at the Latest Practicable Date, we had registered the following material trademark(s):

Trademark	Class	Place of Registration	Registration Number	Name of Registrant	Validity Period
A 	9, 37 (Notes 1 and 2)	Hong Kong	301927891	Our Company	26 May 2011 to 25 May 2021
B 					

Notes:

1. The specification of goods under Class 9 are cables, cable installations, optical fibers, optical communication apparatus and circuitry, all for telecommunication purposes and for communication of data, information, pictures, video, images and sound; television, radio, video and audio apparatus, equipment and devices; electrical wiring installations; surveillance instruments; all included in Class 9.
2. The specification of services under Class 37 are building construction; repair; installation services; maintenance and repair of electronic installations; wiring of offices for data transmission; beneath ground construction work relating to wiring; electrical wiring services; wiring of buildings for telecommunication transmission; cable-laying; installation and maintenance of security systems; installation and maintenance of underground optical fibers; building installation services; installation of surveillance system; installation of multi-line telephone system; installation of data wiring; installation of network cabling connections; all included in Class 37.

(b) **Patents**

(i) As at the Latest Practicable Date, we had registered the following material utility patents:

Title	Place of Registration	Registration Number	Name of Registrant	Validity Period
A type of plastic pipe material used for telecommunication pipes (一種通信管道用塑料管材)	PRC	ZL200620128211.4	Hebei Changtong	22 November 2006 to 21 November 2016
A type of plastic pipe clamp used for telecommunication pipes (一種通信管道塑料管管卡)	PRC	ZL200620128210X	Hebei Changtong	22 November 2006 to 21 November 2016
A type of micro-ducts used for protecting optical fibers (一種用于微纜保護的微管接頭) (Note 1)	PRC	ZL200720149466.3	Beijing U-Ton	6 June 2007 to 5 June 2017

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Title	Place of Registration	Registration Number	Name of Registrant	Validity Period
A type of mini-cables reserve box used for reconstruction of telecommunication pipes (一種用於通信管道改建的微纜預留盒)	PRC	ZL200720169801.6	Beijing U-Ton	20 July 2007 to 19 July 2017
A type of seven-hole plum blossom pipe for installation of mini-cables (一種用於安裝微纜的七孔梅花管)	PRC	ZL200720169802.0	(a) Beijing U-Ton (b) China Mobile Group Hebei Company Limited, Shijiazhuang Branch (中國移動通信集團河北有限公司石家莊分公司)	20 July 2007 to 19 July 2017
A type of telecommunication pipe used for installation of mini-cables (一種用於安裝微纜的通信管道)	PRC	ZL200720169803.5	(a) Beijing U-Ton (b) China Mobile Group Hebei Company Limited, Shijiazhuang Branch (中國移動通信集團河北有限公司石家莊分公司)	20 July 2007 to 19 July 2017
A type of mini-cables connector box used for reconstruction of telecommunication pipes (一種用於通信管道改建的微管接頭盒)	PRC	ZL200720173604.1	Beijing U-Ton	12 October 2007 to 11 October 2017
A type of oval ring shaped mini-cables reserve box used for reconstruction of telecommunication pipes (一種用於通信管道改建的橢圓環形微纜預留盒)	PRC	ZL200720173695.9	Beijing U-Ton	19 October 2007 to 18 October 2017
Ground embedded inflating type optical fiber distribution box (地理式充氣型光纜交接箱)	PRC	ZL200720173827.8	(a) Beijing U-Ton (b) China Mobile Group Hebei Company Limited, Hengshui Branch (中國移動通信集團河北有限公司衡水分公司)	26 October 2007 to 25 October 2017
A type of branching box used for installation of telecommunication micro-ducts (一種用於通信微管道敷設的分歧盒)	PRC	ZL200820109151.0	Beijing U-Ton	11 July 2008 to 10 July 2018

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Title	Place of Registration	Registration Number	Name of Registrant	Validity Period
A type of telecommunication micro-ducts applied to non-excavation micro-control pipe jacking construction (一種非開挖微控頂管式施工的通信微管道)	PRC	ZL200820109152.5	Beijing U-Ton	11 July 2008 to 10 July 2018
A type of telecommunication micro-ducts applied to excavation tiling construction (一種開挖平鋪式施工的通信微管道)	PRC	ZL200820109306.0	Beijing U-Ton	18 July 2008 to 17 July 2018
A type of micro-pipe jacking machine for installation of underground pipes (一種用於地下鋪設管道的微型頂管機)	PRC	ZL200920105881.8	(a) Beijing U-Ton (b) Beijing Hailunda Science and Technology Development Company Limited (北京海倫達科技發展有限公司)	25 February 2009 to 24 February 2019
Sealed-box type optical fiber fusing device (密封箱式光纜熔纖裝置)	PRC	ZL200920270461.5	(a) Beijing U-Ton (b) China Mobile Group Hebei Company Limited (中國移動通信集團河北有限公司)	23 November 2009 to 22 November 2019
Device for installing telecommunication optical fibers in the rain and sewage pipes (雨、污水管道鋪設通信光纜裝置)	PRC	ZL200720102233.8	Hebei Deer	10 August 2007 to 9 August 2017
A type of integrated pipes for installation of mini-cables (一種用於安裝微纜的集束管)	PRC	ZL201020517064.6	Hebei Changtong	3 September 2010 to 2 September 2020
A type of waterproof connector used for protecting optical fibers (一種用於光纖保護的防水接頭) <i>(Note 1)</i>	PRC	ZL201020548996.7	Hebei Changtong	30 September 2010 to 29 September 2020

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(ii) As at the Latest Practicable Date, we had registered the following invention patents:

Title	Place of Registration	Registration Number	Name of Registrant	Validity Period
A type of micro-ducts used for protecting optical fibers (一種用於微纜保護的微管接頭) <i>(Note 1)</i>	PRC	ZL200710100214.6	Beijing U-Ton	6 June 2007 to 5 June 2027
A type of micro-ducts reconstruction method on telecommunication pipes (一種對通信管道進行微管化改造的方法)	PRC	ZL200710119535.0	Beijing U-Ton	26 July 2007 to 25 July 2027
Chipboard for tightening artificial well terminal of the optical fiber and its manufacturing method (用於人井終端光纜拉緊的卡板及其製備方法)	PRC	ZL200710304800.2	Beijing U-Ton	29 December 2007 to 28 December 2027
A type of construction method which utilises city roads for installation of micro telecommunication pipes (一種利用城區道路鋪設路槽微型通信管道的施工方法)	PRC	ZL200810116496.3	(a) Beijing U-Ton (b) China Mobile Group Hebei Company Limited, Handan Branch (中國移動通信集團河北有限公司邯鄲分公司)	11 July 2008 to 10 July 2028
Ground embedded capacity optical fiber distribution box (地埋式容量光纜交接箱)	PRC	ZL200810222800.2	(a) Beijing U-Ton (b) China Mobile Group Hebei Company Limited, Shijiazhuang Branch (中國移動通信集團河北有限公司石家莊分公司)	19 September 2008 to 18 September 2028
A type of valve connector used for protecting optical fibers (一種用於微纜保護的氣閥接頭) <i>(Note 2)</i>	PRC	ZL201010297300.2	Hebei Changtong	30 September 2010 to 29 September 2030

(iii) As at the Latest Practicable Date, we had registered the following material appearance design patent:

Title	Place of Registration	Registration Number	Name of Registrant	Validity Period
Micro-ducts (微管接頭) <i>(Note 1)</i>	PRC	ZL200730143884.7	Beijing U-Ton	6 June 2007 to 5 June 2017

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As advised by Commerce & Finance, pursuant to the relevant laws and regulations of the PRC, an invention patent refers to any new technical solution relating to a product, a process or improvement thereof, while a utility patent refers to any new technical solution relating to the shape, the structure, or their combination, of a product, which is fit for practical use. From the inventiveness perspective, when compared with the prior technical solution, an invention patent must possess prominent substantive features and remarkable progress, while a utility patent must possess substantive features and progress. In the assessment process, substantive examination shall be conducted for an invention patent application while preliminary examination would be conducted for a utility patent application. In respect of the term of protection, the length of term of protection for an invention patent and an utility patent is 20 years and 10 years, respectively.

(c) *Domain names*

As at the Latest Practicable Date, we had registered the following domain name:

Registrant	Domain Name	Registration Date	Expiry Date
Our Company	www.chinauton.com	23 March 2011	23 March 2012

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS**1. Directors**

(a) *Disclosure of interests of the Directors*

- (i) Each of Mr. Jiang, Mr. Li and Ms. Guo is interested in the Reorganisation and the transactions as contemplated under the material contracts as set out in the section headed “Further information about the business of our Group — Summary of material contracts” in this Appendix IV.
- (ii) Save as disclosed in this document, none of the Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this document.

(b) *Particulars of Directors’ service contracts*

Executive Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the [●] 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 their respective basic salaries set out below.

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The current basic annual salaries of the executive Directors payable under their service contracts are as follows:

Name	Annual salary (RMB)
Mr. Jiang Changqing	456,996
Mr. Li Qingli	215,313
Ms. Guo Aru	312,629

Independent Non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of three years commencing from the [●], which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party giving not less than three months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. 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 director's fee of RMB30,000 per annum. 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 two years 31 December 2011 were approximately RMB0.1 million and RMB0.4 million, 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 ended 31 December 2012 are expected to be approximately RMB1.1 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 two years ended 31 December 2011 (i) as an inducement to join or upon joining our Group or (ii) 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.

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- (iv) There has been no arrangement under which a Director has waived or agreed to any emoluments for each of the two years ended 31 December 2011.

3. Disclaimers

Save as disclosed in this document:

- (c) none of the Directors nor any of the parties listed in the section headed “Other information — Qualifications of experts” 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 document, 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 [●] 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 the section headed “Other information — Qualifications of experts” below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to business of our Group; and
- (e) save in connection with the [●], none of the parties listed in the section headed “Other information — Qualifications of experts” 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.

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OTHER INFORMATION

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of all Shareholders passed on 27 May 2012.

(a) *Purpose*

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to our 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 optimise their performance efficiency for the benefit of our 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 our 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 paragraph (f) below to the following persons (the “**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, clients 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 our Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of our Group;
 - (bb) quality of work performed for our Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to our Group.

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(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 [●] 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 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 [●] 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 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 authorised 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 [●], being [●] 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 [●] 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

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- (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 and the disclaimer required under [●].

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 paragraph (r) below whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), 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 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 [●] and the disclaimer required [●]; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the [●] from time to time with such Eligible Participant and his associates (as defined in the [●]) 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.

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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 [●] 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 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 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 [●].

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

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(g) *Granting options to connected persons*

Any grant of options to a Director, chief executive or Substantial Shareholder of the Company or any of their respective associates (as defined in the [●]) 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 [●]) 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; an
- (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 [●], based on the closing price of the Shares as stated in the daily quotation sheets of the [●] 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 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 [●]) of the Company shall abstain from voting in favor, and/or such other requirements prescribed under the [●] 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 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 [●] and the disclaimer required under [●]; and
- (iv) the information required under [●].

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(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 [●]. 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 [●] in accordance with the [●]) for the approval of the Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the [●]); 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 [●]); 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 the 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.

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(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 of more of the grounds specified in 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 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

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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 capitalisation 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 [●] and the note thereto and the supplementary guidance

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attached to the letter from the [●] 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 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 [●] 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 paragraphs (l), (m), (n) or (o);
- (iii) the date upon which the scheme of arrangement of the Company referred to in paragraph (p) becomes effective;
- (iv) subject to 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 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 paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

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(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 [●]; 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 [●] 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 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.

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(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 [●] 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.

2. **Estate duty, tax and other indemnity**

Mr. Jiang, Bright Warm, Mr. Li and Ordillia (the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) 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 [●]; 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 [●], 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 [●], 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 after 1 January 2012; and
 - (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 this document; or

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- (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 Reorganisation.

3. **Litigation**

As at 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.

4. **Preliminary expenses**

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

5. **Promoters**

Our Company has no promoter for the purposes of the [●].

11. **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.

APPENDIX IV**STATUTORY AND GENERAL INFORMATION**

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*

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

12. **Miscellaneous**

(a) Save as disclosed herein:

(i) within two years preceding the date of this document:

(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 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 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).

(c) There are no arrangements in existence under which future dividends are to be or agreed to be waived.