

A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES**1. Incorporation and registration under Part XI of the Companies Ordinance**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 26 June 2012. Our Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Our Company has established a principal place of business in Hong Kong at Unit No. 5A, 8th Floor, Tower 1, South Seas Centre, 75 Mody Road, Kowloon, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 14 September 2012, with Mr. So, Alan Wai Shing of Flat C, 23rd Floor, Block 8, Laguna City, 25 Laguna Street, Cha Kwo Ling, Kowloon, Hong Kong appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to the Companies Law. Its constitution comprises the Memorandum of Association and Articles of Association. A summary of various provisions of the Memorandum of Association and Articles of Association and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Following its incorporation, one subscriber's Share was allotted and issued, nil paid, to Codan Trust Company (Cayman) Limited on 26 June 2012. The one Share was transferred to Mr. Zhu on 26 June 2012 and then from Mr. Zhu to Florescent Holdings on 13 July 2012. On 3 May 2013, the nil-paid Share was fully paid up by Florescent Holdings.

Pursuant to written resolutions of our Shareholders passed on 6 May 2013, the authorised share capital of our Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of an additional 7,962,000,000 Shares.

Immediately following the Capitalisation Issue and the Placing (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Offer Size Adjustment Option), the authorised share capital of the Company will be HK\$80,000,000 divided into 8,000,000,000 Shares, of which 272,000,000 will be allotted and issued fully paid or credited as fully paid and 7,728,000,000 Shares will remain unissued. Other than pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Offer Size Adjustment Option, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

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

3. Written resolutions of our sole Shareholder passed on 6 May 2013

Pursuant to the written resolutions of our sole Shareholder passed on 6 May 2013:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of an additional 7,962,000,000 Shares of HK\$0.01 each ranking pari passu in all respects with the then existing Shares;
- (b) the Memorandum of Association and Articles of Association were conditionally approved and adopted;
- (c) conditional on the Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus:
 - (i) the Placing and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Placing Shares and the Shares which may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option; and
 - (ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto;
 - (iii) conditional on the share premium account of our Company being credited as a result of the issue of Placing Shares pursuant to the Placing, our Directors were authorised to capitalise the amount of HK\$2,039,999.99 from the amount standing to the credit of the share premium account of our Company to pay up in full at par 203,999,999 Shares for allotment and issue to Florescent Holdings;
 - (iv) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than pursuant to Shares issued as a result of a rights issue, scrip dividend or upon the exercise of the options to be granted pursuant to the Share Option Scheme or similar arrangement, Shares with an aggregate nominal value not exceeding (i) 20% of the aggregate nominal value of the share capital of our Company in issue and to be issued as mentioned herein and (ii) the aggregate nominal amount of Shares repurchased under the authority granted to our Directors as referred to in paragraph (e) below, until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws of Cayman Islands to be held; or
 - (3) the revocation or variation by an ordinary resolution of our Shareholders in a general meeting; and

- (v) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or other stock exchange on which Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose with an aggregate nominal value of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable law of Cayman Islands to be held; or
 - (3) the revocation or variation by an ordinary resolution of our Shareholders in a general meeting.

Immediately following the Placing becoming unconditional and the issue of Shares as mentioned herein being made, but taking no account of any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme and the Offer Size Adjustment Option, the authorised share capital of our Company will be HK\$80,000,000 divided into 8,000,000,000 Shares and the issued share capital will be HK\$2,720,000 divided into 272,000,000 Shares, all fully paid or credited as fully paid and 7,728,000,000 Shares will remain unissued. Other than pursuant to 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 no issue of Shares which would effectively alter the control of our Company will be made without the prior approval of members in a general meeting.

4. Corporate reorganisation

Our Group underwent the Reorganisation in preparation for the Listing which involved the following steps:

- (a) On 26 June 2012, our Company was duly incorporated in the Cayman Islands as an exempted company with one Share being allotted and issued nil-paid to Codan Trust Company (Cayman) Limited as the initial subscriber. On 26 June 2012, Codan Trust Company (Cayman) Limited transferred its one Share to Mr. Zhu. On 13 July 2012, Mr. Zhu transferred one Share to Florescent Holdings. On 3 May 2013, the nil paid Share was fully paid up by Florescent Holdings.
- (b) On 8 June 2012, Likwin was duly incorporated in the BVI as a company with limited liability with one Share being allotted and issued at par to our Company as the initial subscriber.

- (c) On 3 May 2013, Florescent Holdings, through Likwin, acquired 3,000,001 shares of Huazhang Electric from Huazhang Overseas and 1 share of Huazhang Electric from Mr. Zhu, representing its entire issued share capital, in the consideration of which Florescent Holdings allotted and issued 778 Shares to Lian Shun and 221 Shares to Qunyu and to procure Mr. Zhu to transfer 1 Share of Florescent Holdings to Lian Shun.
- (d) Conditional on the share premium account of our Company being credited as a result of the Placing, an amount of HK\$2,039,999.99 which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of 203,999,999 shares for allotment and issue to Florescent Holdings.

A diagram showing our Group structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and no Share has been allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) is set out in the section headed “History, corporate structure and Reorganisation” of this prospectus.

5. Changes in share capital of subsidiaries of our Company

Our Company’s subsidiaries are referred to in the accountant’s report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

The following sets out the changes to the share capital made by the subsidiaries of our Company during the two years preceding the date of this prospectus:

- (a) Likwin
 - (1) Likwin was incorporated under the laws of the BVI with limited liability on 8 June 2012 and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00.
 - (2) On 13 July 2012, one fully paid share was allotted and issued to our Company and Likwin became a direct wholly-owned subsidiary of our Company. Likwin is an investment holding company.
- (b) Huazhang Electric
 - (1) On 30 June 2012, the authorised share capital of Huazhang Electric was further increased to HK\$5,000,000 divided into 5,000,000 ordinary shares of HK\$1.00 each, and one share of Huazhang Electric was allotted to Huazhang Overseas on the same day for the purpose of capitalising the loan owed to Huazhang Overseas amounting to approximately HK\$35,200,000.

- (2) On 31 December 2012, one additional share of Huazhang Electric was allotted to Huazhang Overseas for the purpose of capitalising the loan due to Huazhang Overseas amounting to approximately HK\$5,200,000. As a result of the aforesaid allotments, 3,000,002 ordinary shares of Huazhang Electric were beneficially owned by Huazhang Overseas.
- (3) On 3 May 2013, Huazhang Overseas transferred all its interests in Huazhang Electric to Likwin in consideration of the allotment and issue of shares by Florescent Holdings to Lian Shun and Qunyu, all credited as fully paid. There was no change as to both the ultimate beneficial owners of Huazhang Electric and their respective effective interest in Huazhang Electric before and after the said acquisition.

In addition to the alterations mentioned above and in the section headed “Further information about our Company – Corporate reorganisation” in this Appendix, there was no other alteration in the share capital of each of our Company’s subsidiaries took place during the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

The following paragraphs include information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company our own securities. The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction. Our Company’s sole listing will be on the Stock Exchange.

Pursuant to a resolution in writing passed by our sole Shareholder on 6 May 2013, a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange, or on any other stock exchange on which our Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal value of the share capital of our Company in issue and to be issued as mentioned in this prospectus, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or applicable laws of Cayman Islands to be held, or when revoked or varied by ordinary resolution of our shareholders, whichever shall first occur.

(b) Source of funds

Under the GEM Listing Rules and the Companies Ordinance, the shares which are proposed to be purchased by a company must be fully paid up, and any repurchases must be financed out of funds legally available for such purpose in accordance with the memorandum and Articles of Association and applicable laws of Cayman Islands.

(c) Trading restrictions

Our Company may repurchase up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Placing (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of our Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing our Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of our Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.

(d) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed. Under the laws of Cayman Islands, a company repurchased shares may be treated as cancelled and, if so cancelled, the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(e) Suspension of repurchase

Securities repurchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In addition, the Stock Exchange reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has breached the GEM Listing Rules.

(f) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. on the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a company's annual report and accounts are required to disclose details regarding repurchases of securities made during the financial year under review, including the number of securities repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(g) Connected persons

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their associates (as defined in the GEM Listing Rules) and a connected person shall not knowingly sell his securities to our Company on the Stock Exchange.

Reasons for repurchases

Repurchases of our Shares shall only be made when our Directors believe that it is in the best interests of our Company and its shareholders to have general authority from 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 value of our Company and its assets and/or its earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders.

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 GEM Listing Rules and the applicable laws of Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such 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 our Directors are from time to time appropriate for our Group.

General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell Shares to our Company or its subsidiaries.

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

No connected person (as defined in the GEM Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so.

If as a result of a securities repurchase a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder or a group of shareholders of our Company acting in concert could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code and the provision may apply as a result of any such increase. Our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

No repurchase of Shares has been made by our Company within six months prior to the date of this prospectus.

Exercise of the Repurchase Mandate and our Share capital

Exercise in full of the Repurchase Mandate, on the basis of 272,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Placing, but taking no account of any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme could accordingly result in up to 27,200,000 Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the section headed "Further information about our Company – Written resolutions of our sole Shareholder passed on 6 May 2013" in this Appendix.

B. 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 immediately preceding the date of this prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) the reorganisation agreement dated 3 May 2013 and entered into by Huazhang Overseas, Mr. Zhu, Likwin, Florescent Holdings and our Company in relation to the acquisition of the entire interest of Huazhang Electric by Likwin;
- (c) the deed of indemnity dated 6 May 2013 and entered into by Florescent Holdings, Lian Shun, Mr. Zhu, Mr. Wang, Mr. Liu and Ms. Zhu in favour of our Group;
- (d) the deed of non-competition dated 6 May 2013 and entered into by Huazhang Automation (Hong Kong) and Huazhang Automation (Zhejiang) in favour of our Group. Details of the deed of non-competition are set out in the paragraph headed “Non-competition Undertaking by Huazhang Automation (Hong Kong) and Huazhang Automation (Zhejiang)” under the section headed “Relation with Controlling Shareholders” in this prospectus; and
- (e) the deed of non-competition dated 6 May 2013 and entered into by Florescent Holdings, Lian Shun, Mr. Zhu, Mr. Wang, Mr. Liu and Ms. Zhu in favour of our Group. Details of the deed of non-competition are set out in the paragraph headed “Non-competition undertaking by Controlling Shareholders” under the section headed “Relationship with Controlling Shareholders” in this prospectus.

2. Intellectual property rights

(a) Patents

As at the Latest Practicable Date, our Group had registered the following patents in the PRC:

INVENTIONS

The following patents (inventions) are valid as at the Latest Practicable Date:

	Patent number	Description of patent	Publication date (year.month.day)	Expiry date (year.month.day)
1	200310103994.1	Paper-making technical method of using filter aid at press part of paper machine	2005.10.05	2023.11.05
2	200410042480.4	Spraying method with controllable spraying amount	2006.06.21	2024.05.25
3	200410042481.9	Filtered fabrics performance on-line detecting method	2006.03.29	2024.05.25
4	200410037156.3	Diaphragm filtering board feeding hole clamping head and diaphragm filtering board feeding hole	2010.05.12	2024.06.03
5	200410096788.7	Method for removing ink from waste paper by firing	2007.03.28	2024.12.07
6	200510061674.3	Positive pressure method for detecting filter fabric performance	2009.08.12	2025.11.21
7	200610049365.9	Spraying device	2007.12.19	2026.01.25
8	200610050778.9	Belt type filter press	2007.12.19	2026.05.15
9	200610052111.2	Paper surface sizing method by multilayer spraying	2009.07.01	2026.06.22
10	200710068378.5	On-line detection method and apparatus for chain cloth performance	2009.11.11	2027.04.28
11	200710068654.8	Method and equipment for solid-liquid separation	2009.11.11	2027.05.17
12	200710069980.0	Crawler blotter press	2009.06.03	2027.07.09
13	200710161155.3	Dewatering process for using filtration aid in band filter	2009.12.16	2027.12.12
14	200810059009.4	Band press filter with mud fixing belt	2010.12.29	2028.01.01

	Patent number	Description of patent	Publication date (year.month.day)	Expiry date (year.month.day)
15	200810059406.1	Error correcting device of band type filter press	2010.07.14	2028.01.16
16	200810059637.2	Strap filter-press dehydration technique and device	2010.06.09	2028.01.29
17	200810059917.3	Sludge concentration bridging dehydration method	2010.02.24	2028.03.03
18	200810061663.9	Circular press dewatering method	2010.06.02	2028.05.20
19	200810062895.6	Sludge calorific value control method	2010.07.28	2028.07.03
20	200810120188.8	Method for burning sludge of chain furnace	2010.12.29	2028.07.24
21	200810120296.5	Filling material duty cycle operation method for auxiliary sludge dewatering	2010.12.29	2028.08.17
22	200810121386.6	Lining band type filter press with press rolls for fixing mud	2010.06.09	2028.10.08
23	200810162447.3	Pressure filter without filter cloth	2012.03.14	2028.11.12
24	200910096884.4	Sewage sludge drying method and drying machine	2011.01.05	2029.03.18
25	200910097435.1	Burr type electrode applied to electroosmotic dehydration	2011.01.05	2029.04.01
26	200910098471.x	Plate-type sludge dewatering machine and dewatering method therefor	2011.04.13	2029.05.10
27	200910098914.5	Method for controlling flow of distributed control system of paper machine	2011.10.12	2029.05.24
28	200910153487.6	Motor control method based on DCS system	2011.09.07	2029.10.11
29	200910154748.6	Megawatt-level permanent magnet direct-drive wind-force generating converter and control method	2010.05.19	2029.12.02
30	201010510955.3	Group control system for multi-path start-stop control	2011.02.02	2030.10.18

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

	Application number	Description of patent	Date of application (year.month.day)
1	201010240753.1	Transmission control method for rewinding machine	2010.07.03
2	201110001889.1	Sliding compression continuous solid-liquid separator	2011.01.06
3	201110001890.4	Slide pressurising mechanism used in slide pressurising continuous solid-liquid separating machine	2011.01.06
4	201110001888.7	Multistage press-filtering slide-pressing continuous solid-liquid separator	2011.01.06
5	201110001891.9	Vertical sliding compression mechanism in sliding compression continuous solid-liquid separator	2011.01.06
6	201110001892.3	Arc sliding-pressurising continuous solid-liquid separating machine	2011.01.06
7	201110001887.2	Arc-shaped sliding pressurising mechanism in sliding pressurising continuous solid-liquid separating machine	2011.01.06
8	201210166083.2	Filter press fully extendable discharge device	2012.05.30

UTILITY MODELS

The following patents (utility models) are valid as at the Latest Practicable Date:

	Patent number	Description of patent	Publication date (year.month.day)	Expiry date (year.month.day)
1	200620107924.2	Filtering belt with enclosure edge for belt-type pressure filter	2007.10.03	2016.09.20
2	200720109283.9	Solid-liquid separation equipment	2008.05.21	2017.05.17
3	200820084193.3	Highly reliable diaphragm boss surface supporting structure	2008.12.24	2018.03.20
4	200820084194.8	Nail-fixing septum filter board	2009.04.08	2018.03.20
5	200820084195.2	High strength diaphragm boss surface support structure	2008.12.24	2018.03.20
6	200820084196.7	Nail head-nail shaft type constant temperature diaphragm filter plate	2008.12.24	2018.03.20
7	200820084197.1	High strength diaphragm filter plate	2008.12.24	2018.03.20

	Patent number	Description of patent	Publication date (year.month.day)	Expiry date (year.month.day)
8	200820084198.6	Constant temperature type diaphragm filter plate boss jointing construction	2008.12.24	2018.03.20
9	200820084199.0	Expansion fastening type diaphragm filter plate	2008.12.24	2018.03.20
10	200820084200.X	Pouring and injecting nail head type barrier diaphragm strainer plate	2009.03.04	2018.03.20
11	200820084401.X	Nail head-nail shaft combined type diaphragm filter plate	2008.12.24	2018.03.20
12	200820084402.4	Nail shaft fastening type diaphragm filter plate	2008.12.24	2018.03.20
13	200820084418.5	High-reliability diaphragm filter board	2008.12.24	2018.03.20
14	200820085011.4	Fabric treating equipment	2009.01.14	2018.04.10
15	200820086878.1	Flow guiding device used for belt type filter-pressing dehydration plant	2009.03.04	2018.05.20
16	200820086879.6	Circulating squeeze dewatering device	2009.06.03	2018.05.20
17	200820164682.X	Sludge pressure conveyor device	2009.07.01	2018.09.11
18	200820165414.X	Maintenance device of sludge-collecting press roller	2009.09.02	2018.10.08
19	200820165412.0	Maintenance device of solid mud extraction roll	2009.10.07	2018.10.08
20	200920119688.X	Filter press plate with inclined feeding pipe	2010.03.03	2019.05.10
21	200920119691.1	Filter-press plate with elastic body	2010.03.24	2019.05.10
22	200920119689.4	Press filter plate with liner net	2010.05.12	2019.05.10
23	200920119690.7	Filter press plate with sealing plug	2010.06.02	2019.05.10
24	200920199359.0	Motor device based on DCS system	2010.08.04	2019.10.28
25	200920201385.2	Megawatt-level permanent magnetic direct-drive wind power generation current transformer	2010.10.06	2019.12.02
26	201020301351.3	Electric control cabinet	2010.10.06	2020.01.23
27	201020179083.2	Alternating current variable frequency transmission device	2010.12.29	2020.04.29

	Patent number	Description of patent	Publication date (year.month.day)	Expiry date (year.month.day)
28	201020566090.8	Multiple process units control system in paper industry	2011.08.24	2020.10.18
29	201020599284.8	SS device for multiple motors	2011.07.13	2020.11.08
30	201120002686.X	Sliding-pressurising mechanism in sliding-pressurising continuous solid-liquid separating machine	2011.08.17	2021.01.05
31	201120002687.4	Multi-stage pressure filtration and slide pressurisation continuous solid-liquid separation machine	2011.11.16	2021.01.05
32	201120002681.7	Curved sliding compression continuous solid-liquid separator	2011.09.07	2021.01.05
33	201120002682.1	Pressure adjusting mechanism in continuous solid and liquid separator for planar sliding pressurising	2011.09.07	2021.01.05
34	201120002683.6	Slipping sticky tape used in sliding pressing continuous solid and liquid separator	2011.09.07	2021.01.05
35	201120002685.5	Continuous solid-liquid separator pressurising by sliding	2011.09.07	2021.01.05
36	201120002691.0	Vertical-type sliding-pressurising mechanism in sliding-pressurising continuous solid-liquid separating machine	2011.09.07	2021.01.05
37	201120002684.0	Driving roller device used in curve sliding pressurising continuous solid liquid separator	2011.09.07	2021.01.05
38	201120002689.4	Arc-shaped sliding-pressurising mechanism in sliding-pressurising continuous solid-liquid separating machine	2011.09.07	2021.01.05
39	201120002692.5	Sliding adhesive tape positioning mechanism used in sliding compression continuous solid and liquid separator	2011.09.07	2021.01.05
40	201120002693.X	Pressure-regulation mechanism used in curve-surface sliding pressurisation continuous solid-liquid separator	2011.09.07	2021.01.05

	Patent number	Description of patent	Publication date (year.month.day)	Expiry date (year.month.day)
41	201220239872.x	Filter cloth suspension mechanism for filter press full-stretchable discharge device	2013.01.02	2022.05.24
42	201220239873.4	Filter cloth suspension mechanism used in full curve unloading device of press filter	2013.01.02	2022.05.24
43	201220239874.9	Full-varicose discharging device of pressure filter	2013.01.02	2022.05.24



COMPUTER SOFTWARE COPYRIGHTS

The following computer software copyrights were valid as at the Latest Practicable Date:

	Registration number	Date of registration (year.month.day)	Description of the computer software
1	2008SR17571	2008.08.28	VBA Application Development System
2	2011SR082157	2011.11.14	Rewinder electric system software
3	2012SR074571	2012.08.14	Huazhang centre winding device diameter calculation software

(b) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademark in the PRC:

	Reference number	Trademark	Jurisdiction/ Place of registration	Class	Validity period
1.	No. 1493871		PRC	9	From 21 December 2000 to 20 December 2020
2.	No. 4128554		PRC	9	From 28 September 2006 to 27 September 2016

As at the Latest Practicable Date, our Company had applied for registration of the following trademarks:

No.	Application number	Trademark	Jurisdiction/ place of registration	Class	Date of application (year.month.day)	Date of publication (year.month.day)
1.	302385955		Hong Kong	9, 11, 16, 42	2012.09.21	2013.02.22
2.	302385964		Hong Kong	9, 11, 16, 42	2012.09.21	2013.02.22
3.	302385946		Hong Kong	9, 11, 16, 42	2012.09.21	2013.02.22

Notes:

Class 9: Automation units and devices for machines.

Class 11: Sludge treatment machinery.

Class 16: Printed matter; printed publications; prospectuses.

Class 42: Industrial research and design in relation to sludge treatment machinery and automation units and devices for machines.

If no notice of opposition is filed within 3-month period from the date of publication, the trademark will proceed to registration.

(c) Domain name

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain name	Current registrant	Registration date	Expiry date
hzeg.com	Huazhang Electric	1 March 2000	1 March 2015

Save as aforesaid, there are no other trade or service marks, patents, copyright, other intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND STAFF

1. Disclosure of Interests

- (a) Save as disclosed herein and in the section headed "Further information about the business of our Group" in this Appendix, none of our Directors has any direct or indirect interest in the promotion of our Company or in any assets acquired or disposed of by or leased to any member of our Group or which are proposed to be acquired or disposed of by or leased to any member of our Group within the two years immediately preceding the date of this prospectus.
- (b) Save as disclosed in the section headed "Further information about the business of our Group" in this Appendix, none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.

2. Particulars of service agreements

Each of Mr. Zhu, Mr. Zhong Xin Gang and Mr. Jin Hao, being executive Directors, has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of these executive Directors is entitled to the respective basic salary set out below, plus a discretionary bonus determined by the Board every year. The current basic annual salaries of the executive Directors are as follows:

Name of Directors	HK\$
Mr. Zhu	100,000
Mr. Zhong Xin Gang	40,000
Mr. Jin Hao	50,000

Each of the above remunerations is determined by our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

In respect of the aforesaid service contracts, each executive Director has undertaken not to resign or terminate their contracts during the initial term of three years.

Further, each of Mr. Dai Tian Zhu, Ms. Chen Jin Mei and Mr. Kong Chi Mo, being all the independent non-executive Directors, has entered into a letter of appointment with the Company on 6 May 2013. Each letter of appointment is for an initial term commencing on the date of the letter of appointment and shall continue thereafter until 30 June 2015 unless terminated by either party giving at least one month's notice in writing. Commencing from the Listing Date, each independent non-executive Director is entitled to an annual director's fee of HK\$120,000.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract/letter of appointment with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

3. Directors' remuneration

Remuneration and benefits in kind granted to our Directors of approximately HK\$1.9 million and HK\$2.5 million and HK\$1.2 million in aggregate were paid and granted by our Group to our Directors in respect of the two years ended 30 June 2011 and 2012 and the six months ended 31 December 2012 respectively.

For further information on remuneration of our Directors, please refer to note 21 to the accountant's report, the text of which is set out in Appendix I to this prospectus.

4. Interests and short position of Directors in our Shares, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Capitalisation Issue and the Placing (taking no account of Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), our Directors will have the following interests or short positions in our Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules to be notified to our Company and the Stock Exchange, once our Shares are listed:

Name of Directors	Company/name of association corporation	Nature of interests	Number of securities directly or indirectly held	Approximate percentage of issued share capital
Mr. Zhu	Our Company	Interest of a controlled corporation (Note 1)	204,000,000 Shares (long position)	75%
	Florescent Holdings	Interest of a controlled corporation (Note 2)	779 shares of US\$1.00 each	77.90%
	Lian Shun	Beneficial interest (Note 3)	5,005,500 shares of US\$0.001 each	53.79%

Notes:

- (1) The Shares are registered in the name of Florescent Holdings, a company owned as to 77.90% by Lian Shun, which in turn is owned as to 53.79% by Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in the Shares held by Florescent Holdings.
- (2) Florescent Holdings is owned as to 77.90% by Lian Shun and as to 22.10% by Qunyun.
- (3) Lian Shun is owned as to 53.79% by Mr. Zhu, as to 20.74% by Mr. Wang, as to 17.95% by Mr. Liu and as to 7.52% by Ms. Zhu.

5. Interests and short position of Substantial Shareholders in our shares or underlying shares of our Company

Immediately following completion of the Capitalisation Issue and the Placing, as far as known to our Directors (taking no account of Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholders	Capacity/nature of interests	Number of Shares directly or indirectly held	Approximate percentage of issued share capital
Florescent Holdings	Beneficial owner	204,000,000 (long position)	75%
Lian Shun	Interest of a controlled corporation	204,000,000 ^(Note 1) (long position)	75%
Mr. Zhu	Interest of a controlled corporation	204,000,000 ^(Note 2) (long position)	75%
Mr. Wang	Interest in a controlled corporation	204,000,000 ^(Note 3)	75%
Mr. Liu	Interest in a controlled corporation	204,000,000 ^(Note 4)	75%
Ms. Zhu	Interest in a controlled corporation	204,000,000 ^(Note 5)	75%

Notes:

- The Shares are registered in the name of Florescent Holdings, a company owned as to 77.9% by Lian Shun. Under the SFO, Lian Shun is deemed to be interested in the Shares held by Florescent Holdings.
- Florescent Holdings is owned as to 77.9% by Lian Shun, which in turn is owned as to 53.79% by Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in the Shares held by Florescent Holdings.
- Florescent Holdings is owned as to 77.9% by Lian Shun, which in turn is owned as to 20.74% by Mr. Wang. Mr. Wang is regarded as one of the parties acting in concert with Mr. Zhu under the Takeovers Code and is therefore deemed to be interested in the Shares held by Florescent Holdings.
- Florescent Holdings is owned as to 77.9% by Lian Shun, which in turn is owned as to 17.95% by Mr. Liu. Mr. Liu is regarded as one of the parties acting in concert with Mr. Zhu under the Takeovers Code and is therefore deemed to be interested in the Shares held by Florescent Holdings.
- Florescent Holdings is owned as to 77.9% by Lian Shun, which in turn is owned as to 7.52% by Ms. Zhu. Ms. Zhu is regarded as one of the parties acting in concert with Mr. Zhu under the Takeovers Code and is therefore deemed to be interested in the Shares held by Florescent Holdings.

6. Related Party Transaction

Our Group entered into the related party transaction within the two years immediately preceding the date of this prospectus as mentioned in note 29 to the accountant's report set out in Appendix I to this prospectus.

7. Personal guarantee

Mr. Zhu had provided personal guarantees in favour of certain banks for debts and liabilities due by certain members of our Group during the Track Record Period. Such personal guarantees had been released as at the Latest Practicable Date due to the full repayment of all the relevant debts.

8. Agency fees or commission

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, 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 its subsidiaries.

9. Disclaimers

Save as disclosed in this prospectus, as at the Latest Practicable Date:

- (a) none of our Directors or chief executive officer has any interest, any long and short positions in Shares and underlying Shares, listed or unlisted derivatives of, or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies contained in the GEM Listing Rules, to be notified to our Company and the Stock Exchange once our Shares are listed;
- (b) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

- (c) none of our Directors or the experts named in the paragraph headed “Consents and qualifications of experts” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or experts named in the paragraph headed “Consents and qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting as at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) taking no account of Shares which may be taken up under the Capitalisation Issue and the Placing, none of our Directors is aware of any person (not being our Director or chief executive officer) who will immediately following completion of the Capitalisation Issue and the Placing be interested or have a short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) none of the experts named in the paragraph headed “Consents and qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group or is an officer or servant or in employment of an officer or servant of our Group.

So far as is known to our Directors and disclosed in this prospectus, none of our Directors, their associates, or any of our Shareholders (who to the knowledge of our Directors own more than 5% of our share capital) immediately following completion of the Placing had any interests in any of our Group’s five largest traders since the implementation of the trader registration policy.

So far as is known to the Directors and disclosed in this prospectus, none of our Directors, their associates, or any of our Shareholders (who to the knowledge of our Directors own more than 5% of our share capital) immediately following completion of the Placing had any interests in any of our Group’s five largest customers and suppliers during the Track Record Period.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the sole Shareholder on 6 May 2013.

For the purpose of this section, unless the context otherwise requires:

”Board”	means the board of Directors from time to time or a duly authorised committee thereof;
”Eligible Person”	means any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of the Company or any its subsidiaries;
”Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme;
”Option Period”	means in respect of any particular Option, the period to be determined and notified by the Board to each Participant;
”Other Schemes”	means any other share option schemes adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted;
”Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
”Shareholders”	means shareholders of the Company from time to time;
”Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere; and
”Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables the Company to grant Options to Eligible Persons as incentives or rewards for their contributions to the Group.

(b) Who may join

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted.

(c) Grant of Option

Any grant of Options must 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 in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (ii) the deadline for the Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. The Directors may not grant any Option to an Eligible Person during the periods or times in which directors of listed issuer are prohibited from dealing in shares pursuant to Rules 5.48 to 5.67 prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his associates abstaining from voting, the Company may make a further grant of Options to such Participant (the "Further Grant") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to the Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the GEM Listing

Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of the Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed for less than five Trading Days, the Placing Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "Scheme Mandate Limit") provided that Option lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 272,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 27,200,000 Shares, representing 10% of the Shares in issue as at the Listing Date.
- (ii) Subject to the approval of Shareholders in general meeting, the Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), the Company shall send a circular to the Shareholders containing the information required by the GEM Listing Rules.

- (iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), the Company shall send a circular to its Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, the Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle the Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on the Company.

(h) Rights on death

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

(i) Changes in capital structure

If there is any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) or otherwise howsoever in accordance with the legal requirements and requirements of the Stock Exchange, such corresponding alterations (if any) shall be made to:

- (i) the number of Shares (without fractional entitlements) subject to the Option so far as unexercised; and/or
- (ii) the subscription price.

Except alterations made on a capitalisation issue, any alteration to the number of Shares which is the subject of the Option and the subscription price of the Option shall be conditional on the auditors of the Company or an independent financial adviser appointed by the Company confirming in writing to the Board that the alteration is made on the basis that the proportion of the issued share capital of the Company to which a Participant is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any Option in full being increased. The capacity of the auditors or independent financial adviser is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Participants in the absence of maintain error. The costs of the auditors or independent financial adviser in so certifying shall be borne by the Company.

(j) Rights on take-over

If a general offer has been made to all the Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code.

(k) Rights on a compromise or arrangement

- (i) If an application is made to the court (otherwise than where the Company is being voluntarily wound up), pursuant to the Companies Law or the Companies Ordinance, in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), a Participant may by notice in writing to the Company, within a period of 21 days after the date of such application, exercise his

or her outstanding Option in full or any part thereof specified in such note. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by the Company to all Participants as soon as practicable.

- (ii) In the event of a notice being given by the Company to its Shareholders to convene a general meeting for the purpose of approving a resolution to voluntarily wind up the Company when the Company is solvent, the Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Participants. Thereupon each Participant shall be entitled to exercise all or any of his or her outstanding Options at any time no later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participant credited as fully paid.

(I) Lapse of Option

An Option shall lapse forthwith and not 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) subject to paragraphs (f) and (p), the expiry of the Option Period of the Option;
- (iii) the first anniversary of the death of the Participant;
- (iv) in the event that the Participant was an employee or director of any member of the Group on the date of grant of Option to him or her, the date on which such member of the Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of the Board or the board of directors of the relevant member of the Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive.
- (v) in the event that the Participant was an employee or director of any member of the Group on the date of grant of Option to him or her, the expiry of a period of three months from the date of the Participant ceasing to be an employee or director of such member of the Group by reason of:
 - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this sub-paragraph, at a younger age;

- (2) ill health or disability recognised as such expressly by the Board in writing for the purpose of this sub-paragraph;
 - (3) the company by which he or she is employed and/or of which he or she is a director (if not the Company) ceasing to be a subsidiary of the Company;
 - (4) expiry of his or her employment contract or vacation of his or her office with such member of the Group such contract or office is not immediately extended or renewed; or
 - (5) at the discretion of the Board, any reason other than death or the reasons described in sub-paragraph (iv) or (v) (1) to (4).
- (vi) the expiry of any period referred to in paragraph (k) above, provided that in the case of paragraph (k)(i), all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (vii) the date the Participant commits any breach of the provisions of paragraph (g).

(m) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to the Company's articles of association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue.

(n) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing.

In the event that the Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no Further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board, except that the provisions of the Share Option Scheme relating to matters contained in Chapter 23 of the GEM Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of the Shareholders in general meeting (with the Eligible Persons, the Participants and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Participants as would be required by the Shareholders under the Company's articles of association (as amended from time to time) for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of Share Option Scheme, which are of a material nature shall first be approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no Further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

(q) Granting of Options to a director, chief executive or substantial shareholder of the Company or any of their associates

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the GEM Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a Substantial shareholder, an independent non-executive Director or their respective associates.

The circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and
- (iii) all other information as required by the GEM Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the GEM Listing Rules) set out in this paragraph (r) do not apply where the Eligible Person is only a proposed Director or chief executive.

(r) Conditions of Share Option Scheme

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by the Shareholders in general meeting and; (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of Options.

As at the Latest Practicable Date, no options have been granted or agreed to be granted by the Company under the Share Option Scheme.

Application has been made to the Stock Exchange for the approval of the Share Option Scheme, the subsequent granting of Options under Share Option Scheme and listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options granted under Share Option Scheme.

E. OTHER INFORMATION

1. Indemnities

Florescent Holdings, Lian Shun, Mr. Zhu, Mr. Wang, Mr. Liu and Ms. Zhu (the “Indemnifiers”) have entered into a deed of indemnity (“Deed of Indemnity”) (being a material contract referred to in the paragraph headed “Summary of material contracts” of this appendix) to provide the following indemnities in favour of our Company (for itself and as trustee for its subsidiaries).

Under the Deed of Indemnity, each of the Indemnifiers irrevocably, jointly and severally agrees, covenants and undertakes with each of the members of our Group that he/it will indemnify each of the members of our Group against, amongst others, the following:

- (i) taxation falling on any or all members of our Group resulting from or by reference to any income, profit or gains earned, accrued or received (or deemed to be so earned, accrued or received) or transactions, events, acts, omissions, matters or things entered into or occurring on or before the date when the Placing becomes unconditional (the “Effective Date”);
- (ii) any depletion or reduction in value of the assets of any member of our Group or increase in their respective liabilities, or any loss or depreciation of any relief against estate duty of any member of our Group, as a consequence of, and in respect of any amount which the members of our Group or any of them may become liable to pay, being 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 and any claim which has arisen or may arise wholly or partly in respect of or in consequence of any act or omission occurring at any time on or before the Effective Date;
- (iii) all necessary costs (including all legal costs), expenses, interests, penalties or other liabilities incurred by any members of our Group due to any present, contingent or potential legal proceedings (including without limitation any court proceeding, administrative proceedings or other proceedings commenced or instituted by any regulatory body or governmental department) against any member of our Group in relation to, arising out of or in connection with any cause of action, subject matter, dispute or breach, infringement or contravention of any law, regulation, legal right or proprietary right (whether intellectual, property or otherwise) occurred in anywhere in the world prior to the Effective Date; and
- (iv) any liabilities arising from the non-compliance with the relevant rules and regulations in relation to The Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprise (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (Circular Guo Shui Han [2009] No. 698) and other non-compliance to applicable laws and regulations on or before the Effective Date.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation where, among others:

- (a) provision, reserve or allowance has been made for such taxation in the audited accounts of our Group for each of the two years ended 30 June 2011 and 2012 and the six months ended 31 December 2012 (“Accounts”);
- (b) where any liability or taxation claim falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after 1 January 2013 and ending on the Effective Date where such liability or taxation claim would not have arisen but for any act or omission of, or transaction voluntarily effected by, any of the members 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 that are:
 - (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 2013; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 December 2012; or
 - (iii) consisting of any of the members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of or taxation; or
 - (iv) to the extent of any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and
- (c) the taxation arises or is incurred as a result of a retrospective change in law or the interpretation or practice by the relevant tax authority coming into force after the Effective Date or to the extent that the taxation arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in Cayman Islands, being jurisdiction in which the company comprising our Group is incorporated.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands.

3. Litigation

Save as disclosed in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors or our Company to be pending or threatened by or against any member of our Group.

4. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus, and any Shares falling to be issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme.

5. Promoters

Our Company does not have a promoter.

6. Preliminary expenses

The estimated preliminary expenses borne by our Company are approximately HK\$55,000 and are payable by our Company.

7. Consents and qualifications of experts

Each of Guotai Junan Capital Limited, PricewaterhouseCoopers, ETR Law Firm, Conyers Dill & Pearman (Cayman) Limited, Euromonitor International Ltd and Cushman & Wakefield Valuation Advisory Services (HK) Limited has given and has not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included. None of them is interested beneficially or non-beneficially in any shares in any company of our Group, or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any company of our Group.

Name	Qualification
Guotai Junan Capital Limited	Licensed corporation under the SFO permitted to engage in type 6 (advising on corporate finance) regulated activities
PricewaterhouseCoopers	Certified Public Accountants
ETR Law Firm	Legal advisers of our Company as to PRC laws
Conyers Dill & Pearman (Cayman) Limited	Legal advisers of our Company as to Cayman Islands laws
Euromonitor International Ltd	Market research consultant
Cushman & Wakefield Valuation Advisory Services (HK) Limited	Property valuer

8. Binding effect

This prospectus shall have the effect, if any application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Share registrar

Our Company's branch register of members will be maintained in Hong Kong by its branch registrar and transfer office, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong. Unless our Directors otherwise agree, all transfers and other documents of title to shares must be lodged for registration with and registered by the share registrar and transfer office in Hong Kong.

10. Compliance Adviser

In accordance with the requirements of the GEM Listing Rules, our Company will appoint Guotai Junan Capital Limited as our compliance adviser to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of issuing financial results for the second full year commencing after the Listing Date or until such compliance adviser agreement is terminated, whichever is the earlier.

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

The sale, purchase and transfer of Shares registered with our Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of or of the fair value of our Shares being sold or transferred, whichever is the higher. Profit from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profit tax.

(b) 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.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the

other parties involved in the Introduction can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

12. Miscellaneous

- (a) Save as disclosed in this prospectus:
- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) within two years immediately preceding the date of this prospectus, no share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries;
 - (iv) within the two years preceding the date of this prospectus, no commission has been paid or payable to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of its subsidiaries;
 - (v) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus; and
 - (vi) our Directors confirm that save as disclosed in the paragraph headed “Material Adverse Change” in the section headed “Financial Information” of this document, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2012 (being the date to which the latest audited consolidated financial statements of our Group were made up).
- (b) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (c) no company within our Group is presently listed on any stock exchange or traded on any trading system;

- (d) our Company has no outstanding convertible debt securities; and
- (e) all necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

13. Bilingual Prospectus

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