

**A. FURTHER INFORMATION ABOUT OUR GROUP****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 9 October 2018.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 5 June 2019 and our principal place of business in Hong Kong is Unit 901, 9th Floor, Belgian Bank Building, 721-725 Nathan Road, Mongkok, Kowloon, Hong Kong. In connection with such registration, our Company has appointed Mr. Woo Yuen Ping of Flat F, 9th Floor, Block M2, Yoho Midtown, 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong as our authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and our constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix IV to this prospectus.

**2. Changes in the share capital of our Company**

- (a) As at the date of incorporation, the authorised share capital of our Company was US\$50,000 divided into 50,000 shares with a par value of US\$1 each. On the same date, one subscriber share in our Company with a par value of US\$1 was allotted and issued as fully paid to a nominee subscriber. On the same date, the said one share was transferred to Red Fly for a consideration of US\$1.
- (b) On 8 January 2019, the authorised share capital of our Company was increased by HK\$380,000 by the creation of 38,000,000 new Shares of a par value of HK\$0.01 each. Our Company allotted and issued 780 such new Shares as fully paid to Red Fly. At the same time, our Company repurchased the USD-denominated Shares at a consideration of US\$1.00 and the USD-denominated Share was cancelled upon repurchase. Following such repurchase, our Company cancelled the 50,000 authorised but unissued shares of a par value of US\$1.00 each in the capital of our Company.
- (c) On 20 May 2019, our Company further allotted and issued 5,075 Shares to Red Fly, 1,663 Shares to Xseven Investment, 158 Shares to Bonyer Investment, 158 Shares to Rocky Base Investment, 316 Shares to Bigroad Investment, 278 Shares to Hisky Investment, 139 Shares to Dibell Investment, 402 Shares to Gun Wealth Investment, 473 Shares to ZH Fortune Investment, 158 Shares to Lockxy Investment, and 400 Shares to Zhao Qi, credited as fully paid. Upon completion of the above share issues, our Company became owned as to 58.55% by Red Fly, 16.63% by Xseven Investment, 1.58% by Bonyer Investment, 1.58% by Rocky Base Investment, 3.16% by Bigroad Investment, 2.78% by Hisky Investment, 1.39% by Dibell Investment, 4.02% by Gun Wealth Investment, 4.73% by ZH Fortune Investment, 1.58% by Lockxy Investment and 4% by Zhao Qi.

- (d) On 10 June 2020, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 Shares with a par value of HK\$0.01 each by the creation of additional 3,962,000,000 Shares with a par value of HK\$0.01 each, all of which shall rank equally in all respects with the existing Shares in issue.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$40,000,000 divided into 4,000,000,000 Shares with a par value of HK\$0.01 each, of which 800,000,000 Shares with a par value of HK\$0.01 each will be allotted and issued fully paid or credited as fully paid and 3,200,000,000 Shares with a par value of HK\$0.01 each will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraphs headed “6. Written resolutions of our Shareholders” and “7. Repurchase of our Shares” under this appendix, the exercise of the Offer Size Adjustment Option or the options which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital since its incorporation.

### **3. Reorganisation**

Our Group underwent the Reorganisation in preparation for the Listing. Further details are set out in the section headed “History, Development and Reorganisation — Reorganisation” in this prospectus.

### **4. Changes in share capital of the subsidiaries of our Company**

Our Company’s subsidiaries are listed in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Development and Reorganisation — Reorganisation” in this prospectus, there has been no alteration in the share capital or registered capital of the subsidiaries of our Company within two years immediately preceding the date of this prospectus.

**5. Further information about our Group's PRC establishment**

We have interests in the registered capital of eight PRC subsidiaries. A summary of the corporate information of such PRC subsidiaries as at the Latest Practicable Date is set out as follows:

- (a) 蜀塔企業管理(廣元)有限公司 (Saftower Management (Guangyuan) Limited\*)
- |       |                                     |                                 |
|-------|-------------------------------------|---------------------------------|
| (i)   | Date of establishment:              | 14 May 2019                     |
| (ii)  | Nature:                             | Wholly foreign-owned enterprise |
| (iii) | Legal representative:               | Mr. Dang Fei                    |
| (iv)  | Registered Capital:                 | RMB0.1 million                  |
| (v)   | Attributable interest to our Group: | 100%                            |
| (vi)  | Term of operation:                  | No fixed term                   |
- (b) 廣元蜀塔科技有限公司 (Guangyuan Saftower Technology Co., Limited\*)
- |       |                                     |                           |
|-------|-------------------------------------|---------------------------|
| (i)   | Date of establishment:              | 14 September 2018         |
| (ii)  | Nature:                             | Limited liability company |
| (iii) | Legal representative:               | Mr. Dang Fei              |
| (iv)  | Registered Capital:                 | RMB2.4 million            |
| (v)   | Attributable interest to our Group: | 100%                      |
| (vi)  | Term of operation:                  | No fixed term             |
- (c) 四川蜀塔實業有限公司 (Sichuan Saftower Industry Co., Limited\*)
- |       |                                     |                           |
|-------|-------------------------------------|---------------------------|
| (i)   | Date of establishment:              | 24 June 2004              |
| (ii)  | Nature:                             | Limited liability company |
| (iii) | Legal representative:               | Mr. Dang Fei              |
| (iv)  | Registered Capital:                 | RMB60 million             |
| (v)   | Attributable interest to our Group: | 100%                      |
| (vi)  | Term of operation:                  | No fixed term             |
- (d) 廣元蜀塔電纜有限公司 (Guangyuan Saftower Cable Co., Limited\*)
- |       |                                     |                           |
|-------|-------------------------------------|---------------------------|
| (i)   | Date of establishment:              | 16 February 2015          |
| (ii)  | Nature:                             | Limited liability company |
| (iii) | Legal representative:               | Mr. Dang Fei              |
| (iv)  | Registered Capital:                 | RMB25.2 million           |
| (v)   | Attributable interest to our Group: | 100%                      |
| (vi)  | Term of operation:                  | No fixed term             |
- (e) 四川量電電纜科技有限公司 (Sichuan Liangdian Cable Technology Co., Limited\*)
- |       |                                     |                           |
|-------|-------------------------------------|---------------------------|
| (i)   | Date of establishment:              | 19 March 2015             |
| (ii)  | Nature:                             | Limited liability company |
| (iii) | Legal representative:               | Mr. Dang Fei              |
| (iv)  | Registered Capital:                 | RMB0.1 million            |
| (v)   | Attributable interest to our Group: | 100%                      |
| (vi)  | Term of operation:                  | No fixed term             |

- (f) 拉薩蜀塔科技發展有限公司(Lhasa Shuta Technology Development Co., Limited\*)
- |       |                                     |                                   |
|-------|-------------------------------------|-----------------------------------|
| (i)   | Date of establishment:              | 14 January 2013                   |
| (ii)  | Nature:                             | Limited liability company         |
| (iii) | Legal representative:               | Mr. Wang                          |
| (iv)  | Registered Capital:                 | RMB10 million                     |
| (v)   | Attributable interest to our Group: | 100%                              |
| (vi)  | Term of operation:                  | 14 January 2013 to 9 January 2033 |
- (g) 廣元蜀能合金材料有限公司 (Guangyuan Shuneng Alloy Materials Co., Limited\*)
- |       |                                     |                           |
|-------|-------------------------------------|---------------------------|
| (i)   | Date of establishment:              | 24 January 2018           |
| (ii)  | Nature:                             | Limited liability company |
| (iii) | Legal representative:               | Mr. Dang Fei              |
| (iv)  | Registered Capital:                 | RMB4.8 million            |
| (v)   | Attributable interest to our Group: | 100%                      |
| (vi)  | Term of operation:                  | No fixed term             |
- (h) 廣元同創新材料有限公司 (Guangyuan Tongchuang New Materials Company Limited\*)
- |       |                                     |                           |
|-------|-------------------------------------|---------------------------|
| (i)   | Date of establishment:              | 14 July 2017              |
| (ii)  | Nature:                             | Limited liability company |
| (iii) | Legal representative:               | Mr. Zhang Hui (張輝)        |
| (iv)  | Registered Capital:                 | RMB60 million             |
| (v)   | Attributable interest to our Group: | 56.67%                    |
| (vi)  | Term of operation:                  | No fixed term             |

## 6. Written resolutions of our Shareholders

Written resolutions of our Shareholders were passed on 10 June 2020 and 16 June 2020 to approve, amongst other things, the following:

- (a) the Memorandum and the Articles were adopted as the memorandum of association and articles of association of our Company;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 Shares with a par value of HK\$0.01 each by the creation of additional 3,962,000,000 Shares with a par value of HK\$0.01 each, all of which shall rank equally in all respects with the existing Shares in issue; and
- (c) conditional on (i) the Stock Exchange granting the approval of the listing of, and permission to deal in, our Shares in issue and to be allotted and issued as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the

options which may be granted under the Share Option Scheme; (ii) the Offer Price having been duly determined and the execution and delivery of the Underwriting Agreements on the dates as specified in this prospectus; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:

- (i) the Share Offer and the grant of the Offer Size Adjustment Option was approved and our Directors were authorised to (1) allot and issue the Offer Shares and such number of Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option subject to the terms and conditions stated in this prospectus; (2) implement the Share Offer and the Listing; and (3) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK\$5,999,900 from the amount standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par a total of 599,990,000 Shares for allotment and issue to our Shareholders whose names appear on the register of members of our Company at the close of business on even date, or as each of them may direct in writing, in proportion (or as near as possible without involving the issue of fractions of Shares) to their then existing respective shareholdings in our Company and the Shares to be allotted and issued pursuant to this resolution shall rank equally in all respects with the then existing Shares in issue;
- (iii) the rules of the Share Option Scheme were approved and adopted and our Board or any committee thereof established by our Board was authorised, at its sole discretion, to (1) administer the Share Option Scheme; (2) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (3) grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any option granted thereunder; and (4) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;
- (iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require

Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or pursuant to, or in consequence of, the Capitalisation Issue, the Share Offer, the exercise of the Offer Size Adjustment Option or any option that may be granted under the Share Option Scheme, Shares in aggregate not exceeding the sum of (1) 20% of the total number of Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme); and (2) the total number of Shares in issue which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of our next annual general meeting of the Company, or the date by which our next annual general meeting is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in a general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first;

- (v) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and requirements of GEM (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in a general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first; and
- (vi) a general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the total number of Shares in issue which may be allotted or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the total number of Shares in issue repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme).



## 7. Repurchase of our Shares

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

### *(a) Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

#### *(i) Shareholders' approval*

All proposed repurchases of securities (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange 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 the written resolutions of our Shareholders passed on 10 June 2020, a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and requirements of GEM (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in a general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first.

#### *(ii) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws of Hong Kong and the Companies Law. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of profits of our Company, out of share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Articles and the Companies Law, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits of our Company, out of our Company's share premium account before or at the time our Shares are repurchased, or, subject to the Articles and the Companies Law, out of capital.

*(iii) Trading restrictions*

A company is authorised to repurchase, on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange, the total number of shares which represent up to a maximum of 10% of the total number of shares of that company in issue at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce a proposed new issue of shares for a period of 30 days immediately following a repurchase of securities, whether on the Stock Exchange or otherwise (except an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on GEM if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not purchase its shares on the Stock Exchange if the purchase price is 5% or more higher than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

*(iv) Status of repurchased shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

Under the Companies Law, a company's repurchased shares may be treated as cancelled and, if so cancelled, the amount of that 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.

*(v) Suspension of repurchase*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (A) 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 a listed company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (B) the deadline for the publication of an announcement of the listed company's results for any year, half-year or quarter-year period under the



GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

*(vi) Reporting requirements*

Repurchases of securities on the Stock Exchange or otherwise must be submitted for publication to the Stock Exchange no later than 30 minutes before 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 include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases (where relevant) and the total prices paid by the Company for such repurchases. The directors' report is also required to contain reference to the repurchases made during the year and the directors' reasons for making such repurchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely manner the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

*(vii) Connected parties*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person of the Company which includes a director, chief executive or Substantial Shareholder of the company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his or her or its securities to the company.

***(b) Reasons for Repurchase***

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our 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 of our Company and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

***(c) Funding of Repurchase***

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws of Hong Kong and the Companies Law.

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

*(d) General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Share to our Company or our 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 Articles, the GEM Listing Rules and the applicable laws of Hong Kong and the Companies Law.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in voting rights increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

Our Company has not made any repurchases of our own securities since its incorporation.

No core connected person of our Company has notified us that he/she/it has a present intention to sell the Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

**B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP****1. Summary of material contracts**

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


- (a) an equity transfer agreement entered into between Ms. Yu Xiaoying (于晓英) as transferor and Sichuan Saftower as transferee dated 18 October 2018 in relation to the sale and purchase of 49% of the equity interest in Lhasa Saftower at nil consideration;
- (b) an equity transfer agreement entered into between Mr. Dang Fei as transferor and Guangyuan Saftower Technology as transferee dated 9 November 2018 in relation to the sale and purchase of 36.75% of the equity interest in Sichuan Saftower at a consideration of RMB22.05 million;
- (c) an equity transfer agreement entered into between Mr. Dang Jun as transferor and Guangyuan Saftower Technology as transferee dated 9 November 2018 in relation to the sale and purchase of 13.5% of the equity interest in Sichuan Saftower at a consideration of RMB8.1 million;
- (d) an equity transfer agreement entered into between Mr. Wang as transferor and Guangyuan Saftower Technology as transferee dated 9 November 2018 in relation to the sale and purchase of 24.56% of the equity interest in Sichuan Saftower at a consideration of RMB14.7364 million;
- (e) an equity transfer agreement entered into between Chengdu Gaopeng as transferor and Guangyuan Saftower Technology as transferee dated 9 November 2018 in relation to the sale and purchase of 25% of the equity interest in Sichuan Saftower at a consideration of RMB15 million;
- (f) an equity transfer agreement entered into between Mr. Ma Da (馬達) as transferor and Guangyuan Saftower Technology as transferee dated 9 November 2018 in relation to the sale and purchase of 0.19% of the equity interest in Sichuan Saftower at a consideration of RMB113,600;
- (g) an equity transfer agreement entered into between Mr. Wang as transferor and Wechi Int'l as transferee and a supplemental equity transfer agreement both dated 16 January 2019 in relation to the sale and purchase of 4% of equity interest in Guangyuan Saftower Technology at a consideration of RMB2.88 million;
- (h) an equity transfer agreement entered into between Mr. Li Zhanwei (李占威) as transferor and Guangyuan Saftower as transferee dated 15 April 2019 in relation to the sale and purchase of 16.67% of equity interest in Guangyuan Tongchuang at nil consideration;

- (i) a share swap agreement entered into between Ms. Zhao Qi as vendor and Bida Investment as purchaser dated 20 May 2019 in relation to the sale and purchase of the entire interest in Weichi Investment in consideration of and in exchange for the allotment and issue of 400 Shares to Ms. Zhao Qi by the Company credited as fully paid;
- (j) an equity transfer agreement entered into between Mr. Dang Fei as transferor and Saftower Management as transferee dated 29 May 2019 in relation to the sale and purchase of 47.29% of the equity interest in Guangyuan Saftower Technology at a consideration of RMB1.135 million;
- (k) an equity transfer agreement entered into between Mr. Dang Jun as transferor and Saftower Management as transferee dated 29 May 2019 in relation to the sale and purchase of 11.25% of the equity interest in Guangyuan Saftower Technology at a consideration of RMB0.27 million;
- (l) an equity transfer agreement entered into between Mr. Wang as transferor and Saftower Management as transferee dated 29 May 2019 in relation to the sale and purchase of 16.63% of the equity interest in Guangyuan Saftower Technology at a consideration of RMB0.399 million;
- (m) an equity transfer agreement entered into between Chengdu Gaopeng as transferor and Saftower Management as transferee dated 29 May 2019 in relation to the sale and purchase of 20.83% of the equity interest in Guangyuan Saftower Technology at a consideration of RMB0.5 million;
- (n) the Deed of Indemnity;
- (o) the Deed of Non-competition;
- (p) the Hard Underwriting Agreement;
- (q) the Public Offer Underwriting Agreement;
- (r) the Placing Underwriting Agreement;
- (s) a lock-up undertaking executed by Bonyer Investment, Rocky Base Investment, Bigroad Investment, Hiskey Investment, Dibell Investment, Gun Wealth Investment, ZH Fortune Investment, Lockxy Investment and Ms. Zhao Qi in favour of our Company, the Sole Sponsor and the Joint Bookrunners dated 23 June 2020; and
- (t) a lock-up undertaking executed by Xseven Investment in favour of our Company, the Sole Sponsor and the Joint Bookrunners dated 23 June 2020.

## 2. Intellectual property rights

### (a) Trademarks

- (i) As at the Latest Practicable Date, we had registered the following trademarks in Hong Kong which are, in the opinion of our Directors, material to our business:

No.	Trademark	Owner	Classes	Trademark number	Expiry date
1.		Guangyuan Saftower	6, 9	304710735	23 October 2028
2.	蜀塔纜纜 蜀塔纜纜	Guangyuan Saftower	6, 9	304710771	23 October 2028
3.	<b>SAFTOWER</b>	Guangyuan Saftower	9	304710744AB	23 October 2028

- (ii) As at the Latest Practicable Date, we had registered the following trademarks in the PRC which are, in the opinion of our Directors, material to our business:

No.	Trademark	Owner	Class	Trademark number	Expiry date
1.		Sichuan Saftower	9	11306896	6 February 2024
2.		Sichuan Saftower	9	1610526	27 July 2021
3.		Sichuan Saftower	9	11306895	6 January 2024
4.	<b>蜀塔</b>	Sichuan Saftower	9	24946282	20 June 2028
5.	<b>蜀塔</b> <b>Shuta</b>	Sichuan Saftower	9	24941743	6 September 2028

No.	Trademark	Owner	Class	Trademark number	Expiry date
6.		Sichuan Saftower	6 9 35	32313032 32295697 32291959	6 April 2029
7.		Sichuan Saftower	9	24948911	27 February 2029
8.		Sichuan Saftower	9	24935690	20 February 2029
9.		Sichuan Saftower	6 35	32290884 32292498	13 June 2029 13 June 2029

**(b) Domain name**

As at the Latest Practicable Date, our Group had registered the following domain names, and the following domain names are, in the opinion of our Directors, material to our business:

Domain name	Registered owner	Expiry date
saftower.cn	Sichuan Saftower	26 February 2023
蜀塔.cn	Sichuan Saftower	3 July 2021
蜀塔.com	Sichuan Saftower	3 July 2021
saftower.com	Sichuan Saftower	13 March 2023



*(c) Patents*

As at the Latest Practicable Date, we had registered the following patents, and the following patents are, in the opinion of our Directors, material to our business:

No.	Patent	Registered Owner	Type	Place of Registration	Patent Number	Expiry Date
1.	A type of fire-resistant wire and cable* (一種防火電線電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820812440.0	28 May 2028
2.	A type of dismountable FAD broadband intelligent antenna* (一種可拆卸式FAD寬頻智能天線)	Sichuan Saftower	Utility Model	PRC	ZL201820803757.8	27 May 2028
3.	A type of height-adjustable FAD broadband intelligent antenna* (一種可調節高度的FAD寬頻智能天線)	Sichuan Saftower	Utility Model	PRC	ZL201820804602.6	27 May 2028
4.	A type of wire and cable regulating device* (一種電線電纜調節裝置)	Sichuan Saftower	Utility Model	PRC	ZL201820571716.0	19 April 2028
5.	A type of wire and cable tension adjustor* (一種用於調節電線電纜張力的設備)	Sichuan Saftower	Utility Model	PRC	ZL201820572332.0	19 April 2028
6.	A type of automatic core separation stripping machine for wire and cable* (一種電線電纜用線芯自動分離剝皮機)	Sichuan Saftower	Utility Model	PRC	ZL201820544162.5	16 April 2028
7.	A type of wire and cable stripping device* (一種電線電纜剝皮裝置)	Sichuan Saftower	Utility Model	PRC	ZL201820545875.3	16 April 2028
8.	A type of automatic wire insulator coater* (一種適用於電線絕緣層的自動包覆設備)	Sichuan Saftower	Utility Model	PRC	ZL201820511185.6	10 April 2028
9.	A type of wire and cable insulator coater* (一種電線電纜絕緣層包覆裝置)	Sichuan Saftower	Utility Model	PRC	ZL201820509679.0	10 April 2028
10.	A type of wire take-up device of wire and cable drawing machine* (一種電線電纜拉絲機的收線裝置)	Sichuan Saftower	Utility Model	PRC	ZL201820493766.1	8 April 2028
11.	A type of wire take-up device for drawing machine* (一種適用於拉絲機的收線設備)	Sichuan Saftower	Utility Model	PRC	ZL201820494961.6	8 April 2028
12.	A type of flexible and wearproof cable* (一種柔性耐磨電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820194585.9	4 February 2028
13.	A type of high-strength composite cable* (一種高強度複合電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820194599.0	4 February 2028
14.	A type of ceramic silicone insulating and fire-resistant cable* (一種陶瓷化矽橡膠絕緣防火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820194653.1	4 February 2028
15.	A type of multi-core prefabricated branch cable* (一種多芯預製分支電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820195865.1	4 February 2028
16.	A type of flexible fire-resistant cable* (一種柔性防火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820195871.7	4 February 2028
17.	A type of waterproof wire protector* (一種電線用防水保護套)	Sichuan Saftower	Utility Model	PRC	ZL201820195872.1	4 February 2028
18.	A type of stretching resistant and fire-resistant cable* (一種抗拉伸防火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820197520.X	4 February 2028
19.	A type of composite fire-resistant cable* (一種複合型防火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820197529.0	4 February 2028
20.	A type of wearproof and fireproof control cable* (一種耐磨耐火控制電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820199249.3	4 February 2028
21.	A type of high temperature resistant cable for audio and visual equipment* (一種用於影視化設備的耐高溫電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820199316.1	4 February 2028

No.	Patent	Registered Owner	Type	Place of Registration	Patent Number	Expiry Date
22.	A type of FVNP for construction* (一種建築用尼龍護套電線)	Sichuan Saftower	Utility Model	PRC	ZL201820199451.6	4 February 2028
23.	A type of LSZH flame retardant control cable* (一種低煙無鹵阻燃控制電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820200778.0	4 February 2028
24.	A type of LSZH oil-proof control cable* (一種低煙無鹵耐油控制電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820200779.5	4 February 2028
25.	A type of flame retardant and fire-resistant control cable* (一種阻燃耐火控制電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820203789.4	4 February 2028
26.	A type of LSZH insulating wire with long useful life* (一種高壽命低煙無鹵絕緣電線)	Sichuan Saftower	Utility Model	PRC	ZL201820203809.8	4 February 2028
27.	A type of fire-resistant cable for tunnel* (一種隧道用防火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820203832.7	4 February 2028
28.	A type of ceramic LSZH polyolefin insulating and fire-resistant cable* (一種陶瓷化低煙無鹵聚烯烴絕緣防火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201820209785.7	4 February 2028
29.	LSZH flame retardant computer cable* (低煙無鹵阻燃計算機電纜)	Sichuan Saftower	Utility Model	PRC	ZL201420815253.X	18 December 2024
30.	A type of aluminium alloy eco-friendly flame retardant and fire-resistant power cable* (一種鋁合金環保阻燃耐火電力電纜)	Sichuan Saftower	Utility Model	PRC	ZL201420815437.6	18 December 2024
31.	XLPE insulated split-phase extrusion cable* (交聯聚乙烯絕緣分相擠塑電纜)	Sichuan Saftower	Utility Model	PRC	ZL201420815470.9	18 December 2024
32.	A type of aluminium alloy eco-friendly flame retardant and fire-resistant cable* (一種鋁合金環保阻燃耐火電纜)	Sichuan Saftower	Utility Model	PRC	ZL201420815765.6	18 December 2024
33.	Stretching-resistant wind power cable* (具有抗拉力性能的風力發電電纜)	Sichuan Saftower	Utility Model	PRC	ZL201420815790.4	18 December 2024
34.	Digital communication cable* (數字通信電纜)	Sichuan Saftower	Utility Model	PRC	ZL201220191225.6	1 May 2022
35.	Aerial cable* (架空線纜)	Sichuan Saftower	Utility Model	PRC	ZL201220185736.7	26 April 2022
36.	Copper-clad aluminium conductor wire and cable* (銅包鋁導體電線電纜)	Sichuan Saftower	Utility Model	PRC	ZL201220185740.3	26 April 2022
37.	ACSR* (鋼芯鋁絞線)	Sichuan Saftower	Utility Model	PRC	ZL201220185741.8	26 April 2022
38.	New type of power cable* (新型電力電纜)	Sichuan Saftower	Utility Model	PRC	ZL201220185742.2	26 April 2022
39.	Control cable* (控制電纜)	Sichuan Saftower	Utility Model	PRC	ZL201220185751.1	26 April 2022
40.	Cabtyre cable* (橡皮絕緣敷設電纜)	Sichuan Saftower	Utility Model	PRC	ZL201220185781.2	26 April 2022
41.	A type of cable coil winding and unwinding device* (一種電纜線卷收放裝置)	Guangyuan Saftower	Utility Model	PRC	ZL201721604762.8	26 November 2027
42.	A type of upper plate device of wire frame winches* (一種電纜叉絞機的上盤裝置)	Guangyuan Saftower	Utility Model	PRC	ZL201721605721.0	26 November 2027

No.	Patent	Registered Owner	Type	Place of Registration	Patent Number	Expiry Date
43.	A type of better structured fire-resistant and moisture-proof cable* (一種結構性更好的耐火防潮電纜)	Guangyuan Saftower	Utility Model	PRC	ZL201721606466.1	26 November 2027
44.	A type of high flame retardant connected cable* (一種高阻燃的連接式阻燃電纜)	Guangyuan Saftower	Utility Model	PRC	ZL201721606467.6	26 November 2027
45.	A type of multi-core GYDGA cable* (一種多芯骨架式電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820599788.6	24 April 2028
46.	A type of anti-crosstalk GYDGA cable structure* (一種抗串擾骨架式電纜結構)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820601447.8	24 April 2028
47.	A type of stretchable cable drum* (一種可伸縮的電纜捲筒)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820547959.0	16 April 2028
48.	A type of shock absorption movable cable drum* (一種減震移動式電纜捲筒)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820548310.0	16 April 2028
49.	A type of shock absorption insulated aerial cable with aluminium alloy core* (一種減震鋁合金芯絕緣架空電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820550836.2	16 April 2028
50.	A type of high conductivity insulated aerial cable with aluminium alloy core* (一種高導電率鋁合金芯絕緣架空電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820547518.0	16 April 2028
51.	A type of composite core insulated aerial cable* (一種複合芯絕緣架空電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820547975.X	16 April 2028
52.	A type of liftable and lowerable cable drum* (一種可升降的電纜捲筒)	Guangyuan Tongchuang	Utility Model	PRC	ZL201820550840.9	16 April 2028
53.	A type of enhanced shielded cable* (一種加強型屏蔽電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201920095010.6	20 January 2029
54.	A type of tensile shielded cable* (一種抗拉屏蔽電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201920095024.8	20 January 2029
55.	A type of fire- and press-resistant steel-tape armoured cable* (一種耐火抗壓鋼帶鎧裝電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201920107006.7	20 January 2029
56.	A new type of cable cutter table* (一種新型的電纜切割台)	Guangyuan Tongchuang	Utility Model	PRC	ZL201920095009.3	20 January 2029
57.	A type of eco-friendly and safe fire-resistant cable* (一種環保安全型防火電纜)	Guangyuan Tongchuang	Utility Model	PRC	ZL201920096115.3	20 January 2029
58.	Stripping mechanism for improving cable stripping efficiency* (提高電纜剝皮效率的剝皮機構)	Guangyuan Tongchuang	Utility Model	PRC	ZL201920285032.9	5 March 2029

As at the Latest Practicable Date, we had made the following patent applications, and each registration vetting process is pending:

No.	Patent	Registered Owner	Type	Place of Registration	Application Number
1.	A new type of fire-resistant wire* (一種新型防火電線)	Sichuan Saftower	Invention	PRC	201810532676.3
2.	A type of height-adjustable FAD broadband intelligent antenna* (一種可調節高度的FAD寬頻智能天線)	Sichuan Saftower	Invention	PRC	201810525638.5
3.	A type of wire and cable regulating device* (一種電線電纜調節裝置)	Sichuan Saftower	Invention	PRC	201810362680.X
4.	A type of wire and cable tension adjustor* (一種用於調節電線電纜張力的設備)	Sichuan Saftower	Invention	PRC	201810362681.4
5.	A type of wire and cable stripping device* (一種電線電纜剝皮裝置)	Sichuan Saftower	Invention	PRC	201810344177.1
6.	A type of automatic core separation stripping machine for wire and cable* (一種電線電纜用線芯自動分離型剝皮機)	Sichuan Saftower	Invention	PRC	201810344872.8
7.	A type of wire and cable insulator coater* (一種電線電纜絕緣層包裝裝置)	Sichuan Saftower	Invention	PRC	201810321571.3
8.	A type of automatic wire insulator coater* (一種適用於電線絕緣層的自動包裝設備)	Sichuan Saftower	Invention	PRC	201810322824.9
9.	A type of wire take-up device of wire and cable drawing machine* (一種電線電纜拉絲機的收線裝置)	Sichuan Saftower	Invention	PRC	201810312163.1
10.	A type of wire take-up device for drawing machine* (一種適用於拉絲機的收線設備)	Sichuan Saftower	Invention	PRC	201810312813.2
11.	A type of fire-resistant wire and cable* (一種防火電線電纜)	Sichuan Saftower	Invention	PRC	201810531133.X
12.	A type of dismountable FAD broadband intelligent antenna* (一種可拆卸式FAD寬頻智能天線)	Sichuan Saftower	Invention	PRC	201810524760.0
13.	A type of cable tray for rewinding and discharging wire* (一種便於收放纜線的電纜線盤)	Guangyuan Tongchuang	Utility Model	PRC	201920095021.4

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of interests

*(a) Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our Company's associated corporations after completion of the Capitalisation Issue and the Share Offer*

Immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executive of our Company in our Shares, underlying Shares and debentures of our Company or any of 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 under such provisions of the SFO) once our Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange once our Shares are listed, will be as follows:

Name of Director/ chief executive	Capacity/nature of interest	Relevant company	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Dang Fei (Notes 2 and 3)	Interest in controlled corporation (Note 2) Interest held jointly with another person (Note 3)	Red Fly	351,280,000 (L)	43.91%
Mr. Wang (Note 4)	Interest in controlled corporation (Note 4)	Xseven Investment	99,760,000 (L)	12.47%
Ms. Luo Xi (Note 5)	Interest in controlled corporation (Note 5)	Lockxy Investment	9,520,000 (L)	1.19%

*Notes:*

- (1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- (2) Our Company will be owned as to 43.91% by Red Fly immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Red Fly is owned as to 80.79% by Mr. Dang Fei and 19.21% by Mr. Dang Jun. By virtue of SFO, Mr. Dang Fei is deemed to be interested in the same number of Shares held by Red Fly.
- (3) Mr. Dang Fei and Mr. Dang Jun are parties acting in concert pursuant to the Acting in Concert Undertaking. As such, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), Mr. Dang Fei and Mr. Dang Jun will together control 43.91% of the issued share capital of our Company.

- (4) Our Company will be directly owned as to 12.47% by Xseven Investment immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Xseven Investment is owned as to 100% by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in the same number of Shares held by Xseven Investment.
- (5) Our Company will be directly owned as to 1.19% by Lockxy Investment immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Lockxy Investment is owned as to 68% by Ms. Luo Xi. Under the SFO, Ms. Luo Xi is deemed to be interested in the same number of Shares held by Lockxy Investment.

None of our Directors or chief executive of our Company will immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme) have any discloseable interest other than those as disclosed above.

***(b) Interests and/or short positions of the Substantial Shareholders under the SFO***

Please see “Substantial and Significant Shareholders” in this prospectus for details of the persons (other than a Director or a chief executive of our Company)/corporations who/which will have an interest or short position in our Shares and underlying Shares which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or who/which is, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of our Group.

Our Directors are not aware of any persons who will immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in our Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in our Shares, other than as disclosed at (b) above.

**2. Particulars of Directors’ Service Agreements and Letters of Appointment**

***(a) Executive Directors***

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least three months’ written notice of non-renewal before the expiry of the then existing term.



*(b) Non-executive Director and independent non-executive Directors*

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of one year commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

**3. Remuneration of our Directors**

During each of FY2017, FY2018 and FY2019, the aggregate emoluments paid and benefits in kind (excluding discretionary bonus and contributions to pension schemes) granted to our Directors by any member of our Group were RMB258,000, RMB336,000 and RMB359,000, respectively.

During each of FY2017, FY2018 and FY2019, the aggregate of contributions to pension schemes for our Directors were RMB46,000, RMB50,000 and RMB57,000, respectively.

During each of FY2017, FY2018 and FY2019, the aggregate discretionary bonuses paid to our Directors by any member of our Group were RMB10,000, RMB15,000 and nil, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus(es)) payable by any member of our Group to, and benefits in kind receivable by our Directors for FY2020 are expected to be RMB1.22 million.

None of our Directors or any past director(s) of any member of our Group has been paid any sum of money during the Track Record Period (a) as an inducement to join or upon joining our Company or (b) 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.

There has been no arrangement under which a Director has waived or agreed to waive any emolument during the Track Record Period.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by any member of our Group to each of our Directors will be as follows:

**Executive Directors**

Mr. Dang Fei	RMB550,000
Mr. Wang	RMB500,000
Ms. Luo Xi	RMB250,000
Mr. Luo Qiang	RMB250,000

**Non-executive Director**

Mr. Wang Haichen	RMB200,000
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**Independent non-executive Directors**

Dr. Zuo Xinzhang	RMB60,000
Mr. Chan Oi Fat	HK\$180,000
Ms. Hu Xiaomin	RMB90,000

Each of our executive Directors, non-executive Director and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to us or executing their functions in relation to our business and operations.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable during the Track Record Period by any member of our Group to our Directors.

**4. Related Party Transactions**

Details of the related party transactions are set out under Note 35 to the Accountants' Report set out in Appendix I to this prospectus.

**5. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of our Directors or the experts named in the paragraph headed "E. Other Information — 7. Qualifications of Experts" in this appendix below has been directly or indirectly interested in the promotion of, or in any asset which has 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;
- (b) none of our Directors nor the experts named in the paragraph headed "E. Other Information — 7. Qualifications of Experts" in this appendix below 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; and

- (c) none of the experts named in the paragraph headed “E. Other Information — 7. Qualifications of Experts” in this appendix below 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;

## D. SHARE OPTION SCHEME

### 1. Summary of terms of the Share Option Scheme

#### *(a) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the “**Invested Entity**”). As at the Latest Practicable Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

#### *(b) Who may join*

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any of the following classes:

- (i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)) of our Company, any of our subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an “**eligible employee**”);
- (ii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iii) any customer of any member of our Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and

- (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly-owned by one or more eligible participants.

For the avoidance of doubt, the grant of any option by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to such eligible participant's contribution to the development and growth of our Group.

*(c) Maximum number of Shares*

- (i) The maximum 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 any other share option scheme adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time.
- (ii) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the total number of Shares (assuming the Offer Size Adjustment and the Share Option Scheme are not exercised) in issue at the time dealings in our Shares first commence on the Stock Exchange, being 80,000,000 Shares (the "**General Scheme Limit**").
- (iii) Subject to (i) above and without prejudice to (iv) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group shall not exceed 10% of the Shares in issue (assuming the Offer Size Adjustment Option and the Share Option Scheme are not exercised) as at the date of the approval of the limit and for the purpose of calculating the limit, options (including options outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted.

- (iv) Subject to (i) above and without prejudice to (iii) above, our Company may seek separate shareholders' approval in a general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit, or if applicable, the extended limit referred to in (iii) above to eligible participants specifically identified by our Company before such approval is sought.

***(d) Maximum entitlement of each eligible participant***

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and the options granted under any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in our Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant must be separately approved by our Shareholders in a general meeting with such grantees and his close associates (or his associates if the participant is a connected person) abstaining from voting.

***(e) Grant of options to core connected persons***

- (i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or Substantial Shareholder of our Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of an option under the Share Option Scheme).
- (ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in our Shares issued and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (1) representing in aggregate over 0.1% of our Shares in issue; and
  - (2) having an aggregate value, based on the closing price of our Shares on the offer date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by our Shareholders in a general meeting. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

For the purpose of seeking the approval of our Shareholders under paragraphs (c), (d) and (e) above, our Company must send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at our Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

***(f) Time of acceptance and exercise of an option***

An offer under the Share Option Scheme may remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made.

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 our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in our Shares on GEM or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

***(g) Performance targets***

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.



*(h) Subscription price for Shares*

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph (s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of our Shares on the offer date;
- (ii) the average closing price of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
- (iii) the nominal value of a Share.

*(i) Ranking of Shares*

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank equally in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date 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 Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered in the register of members of our Company as the holder thereof.

*(j) Restrictions on the time of grant of options*

For so long as the Shares are listed on the Stock Exchange, an offer may not be made after inside information has come to our Company's knowledge until we have announced the information. 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 our Company's result for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to publish announcements of our results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no offer for the grant of an option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

***(k) Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

***(l) Rights of ceasing employment***

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

***(m) Rights on death, ill-health or retirement***

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

***(n) Rights on dismissal***

In respect of a grantee who is an eligible employee, the date on which the grantee ceases to be an eligible employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an eligible employee.

***(o) Rights on breach of contracts***

In respect of a grantee other than an eligible employee, the date on which our Directors shall at their absolute discretion determine that (i)(1) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group or any Invested Entity on the other part; or (2) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; and (ii) the option shall lapse as a result of any event specified in sub-paragraph (i)(1) to (3).

***(p) Rights on a general offer, a compromise or arrangement***

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

***(q) Rights on winding-up***

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee our Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of our Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation equally with the holders of our Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

*(r) Grantee being a company wholly-owned by eligible participants*

If the grantee is a company wholly-owned by one or more eligible participants:

- (i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

*(s) Adjustment of the subscription price*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of our Shares or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

- (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised); and/or
- (ii) the subscription price of any option; and/or
- (iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which such grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

- (iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with the GEM Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the relevant provisions of the GEM Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

***(t) Cancellation of options***

Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the limits approved by our Shareholders pursuant to paragraph (c)(iii) or (c)(iv) above.

***(u) Termination of the Share Option Scheme***

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provision of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

***(v) Rights are personal to grantee***

An option shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

***(w) Lapse of option***

An option shall lapse automatically (to the extent not already exercised) immediately on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q) and (r) above; or (iii) the date on which our Directors exercise our Company's right to cancel the option by reason of paragraph (v) above.

***(x) Others***

- (i) The Share Option Scheme is conditional upon:
  - (1) the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and;
  - (2) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of our Shareholders.
- (ii) The provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of our Company in general meeting, provided that 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 grantees as would be required of the holders of our Shares under the Articles for the time being for a variation of the rights attached to our Shares.
- (iii) Subject to paragraph (v) below, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) The terms of the Share Option Scheme and/or any options amended must comply with the applicable requirements of the GEM Listing Rules.
- (v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in a general meeting.

## 2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued within the General Scheme Limit pursuant to the exercise of options that may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

## E. OTHER INFORMATION

### 1. Tax and other indemnities

The Controlling Shareholders (collectively, the “**Indemnifiers**”) have, under the Deed of Indemnity, given joint and several indemnities to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) in connection with, among others:

- (a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions (including but not limited to any transactions involved in the Reorganisation), events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the Share Offer becomes unconditional, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company, including any and all taxation resulting from the receipt by any member of our Group of any amounts paid by the Indemnifiers under the Deed of Indemnity; and/or:
- (b) all reasonable costs (including all legal and other professional costs), expenses or other liabilities which any member of our Group may incur in connection with:
  - (i) the investigation, assessment, settlement or contesting of any taxation claim;
  - (ii) the settlement of any claim under the Deed of Indemnity;
  - (iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any member of our Group; or
  - (iv) the enforcement of any such settlement or judgment.
- (c) all costs (including all legal and other professional costs), expenses or other liabilities which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any alleged or actual violation or breach or non-compliance by any member of our Group with any laws, regulations, rules or administrative orders or measures in the PRC, Hong Kong or other applicable jurisdictions on or before the date on which the Share Offer becomes unconditional, if any.



The Indemnifiers shall be under no liability under the Deed of Indemnity, among other things:

- (a) to the extent that provision has been made for such taxation in the audited consolidated financial statements of the members of our Group for the Track Record Period;
- (b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in the law or regulations or practice by the Inland Revenue Department of Hong Kong or any other tax or government authorities in any part of the world coming into force after the date on which the Share Offer becomes unconditional or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date on which the Share Offer becomes unconditional with retrospective effect; or
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and the BVI is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

## **2. Litigation**

To the best knowledge of our Directors, except as disclosed in the paragraph headed “Business — Compliance and Litigation — Litigation” in this prospectus, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any member of our Group, that would have a material adverse effect on our financial condition and results of operations.

## **3. Application for listing of Shares**

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

## **4. Compliance Adviser**

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Alliance Capital Partners as our compliance adviser to provide advisory services to our Company 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 our financial results for the second full financial year commencing after the Listing Date.

#### 5. Preliminary expenses

The estimated preliminary expenses to the incorporation of our Company are HK\$47,857 and have been borne by our Company.

#### 6. Promoter

We do not have any promoter.

#### 7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice in this prospectus:

Name	Qualifications
Alliance Capital Partners Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Appleby	Legal advisers to our Company as to Cayman Islands law
Tahota Law Firm	Legal advisers to our Company as to PRC law
BDO Limited	Certified public accountants
Frost & Sullivan International Limited	Industry consultant
Royson Valuation Advisory Limited	Property valuer

#### 8. Consents of experts

Each of the experts referred to above has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be), and reference to its name included in the form and context in which it respectively appears in this prospectus.

**9. Fees of the Sole Sponsor**

The Sole Sponsor will receive a sponsorship, financial advisory and documentation fee of a total amount of HK\$4.9 million in relation to the Listing and will be reimbursed for their expenses.

**10. Independence of the Sole Sponsor**

Neither the Sole Sponsor nor any of its close associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sponsor of the Listing;
- (b) by way of the compliance advisory fee to be paid to Alliance Capital Partners as our Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules; and
- (c) by way of underwriting commission and/or other underwriting fees as stipulated in the Underwriting Agreements to be paid to Alliance Capital Partners for acting as one of the Underwriters.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the Listing, any interest in any class of securities of our Company or any of our subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in our Company or any member of our Group. The Sole Sponsor is independent from our Group under Rule 6A.07 of the GEM Listing Rules.

**11. Binding effect**

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

**12. Miscellaneous**

Save as disclosed herein:

- (a) within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued as fully or partly paid either for cash or for a consideration other than cash;
  - (ii) 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;

- (b) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares;
- (c) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;
- (d) no share, warrant 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;
- (e) our Company has no outstanding convertible debt securities;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (g) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.

### **13. Bilingual prospectus**

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