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If you have sold or transferred all of your ordinary shares in Ninety Plc, you should send this document, together with the accompanying form of proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ AND IN PARTICULAR YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" SET OUT IN PART 2 OF THIS DOCUMENT.

The Company, together with the Directors and Proposed Directors of Ninety Plc, whose names appear on page 10 of this document, accept responsibility, individually and collectively, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and Proposed Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document will not, under any circumstances, be deemed to create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date.

This document does not comprise a prospectus and has not been filed with the FSA, but comprises an AIM admission document and has been prepared in accordance with the AIM Rules. In accordance with the AIM Rules, if the Acquisition is approved by holders of the Existing Ordinary Shares at the EGM, application will be made for the New Ordinary Shares arising on the Capital Reorganisation to be re-admitted to trading on AIM and for the Acquisition Shares and Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares arising upon the Capital Reorganisation (including the Placing Shares and the Acquisition Shares) will commence on 30 September 2008.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority and the AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Enlarged Share Capital to trading on the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The Existing Ordinary Shares are not dealt in and the New Ordinary Shares will not be dealt in on any other recognised investment exchange and, apart from the application for Admission, no other such application has been or is intended to be made.

NINETY PLC

(Incorporated in England and Wales under the Companies Act 1985, with registered number 06280431)

Proposed acquisition of Honour Field
Proposed Placing of 320,166 New Ordinary Shares of 6p each at a price of 75p per share
Proposed increase in authorised Share Capital
Proposed 1 for 60 share consolidation
Proposed change of name to "Sorbic International plc"
Proposed adoption of new Articles of Association
Application for admission of the Enlarged Share Capital to trading on AIM
Notice of Extraordinary General Meeting

finnCap

Nominated Adviser and Broker

The New Ordinary Shares to be issued pursuant to the Acquisition and Placing will rank equally in all respects with the New Ordinary Shares arising upon the Capital Reorganisation and will rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company after the date of issue (following the Capital Reorganisation).

FinnCap, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial and nominated adviser and broker to the Company in connection with the Acquisition and the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this document. FinnCap is acting exclusively for Ninety and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or the Acquisition or the proposed admission of the Enlarged Share Capital to trading on AIM. No representation or warranty, express or implied, is made by FinnCap as to the contents of this document, without limiting the statutory rights of any person to whom this document is issued. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of New Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

This document should not be copied or distributed in, into or from the United States of America, Canada, Japan, the Republic of South Africa or Australia or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation. The Ordinary Shares and New Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933 (as amended). This document does not constitute an offer or the solicitation of an offer to subscribe for or buy any of the Ordinary Shares or New Ordinary Shares.

Notice of an extraordinary general meeting of Ninety to be held at the offices of FinnCap, 4 Coleman Street, London EC2R 5TA on 29 September 2008 at 11.00 a.m. is set out on pages 137 to 139 of this document. Whether or not you intend to attend the meeting, it is important that you complete and return the form of proxy accompanying this document as soon as possible and in any event so as to be received by the registrar, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA not later than 11.00 a.m. on 27 September 2008. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the Extraordinary General Meeting if he or she wishes to do so.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	3
ACQUISITION AND PLACING STATISTICS	4
DEFINITIONS	5
DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS	10
PART 1: LETTER FROM THE NON-EXECUTIVE DIRECTORS OF NINETY	12
1. Introduction	12
2. The Company and its investment strategy	13
3. Background to and reasons for the Acquisition	13
4. Information on Honour Field, its business and strategy	14
5. Current trading and prospects for the Enlarged Group	18
6. Directors, Proposed Directors, senior management and employees	18
7. Principal terms of the Acquisition	20
8. Details of the Placing and Placing Agreement	21
9. Capital Reorganisation	21
10. Corporate governance	22
11. Dividend policy	23
12. Change of company name	24
13. The City Code on Takeovers and Mergers	24
14. New articles of association	25
15. Taxation	26
16. Settlement, dealings and CREST	26
17. Lock-in and orderly market arrangements	26
18. Share option schemes	26
19. Extraordinary General Meeting	27
20. Irrevocable undertakings	27
21. Action to be taken	27
22. Further information	28
23. Recommendation	28
PART 2: RISK FACTORS	29
PART 3: FINANCIAL INFORMATION ON THE COMPANY	41
PART 4: FINANCIAL INFORMATION ON HONOUR FIELD AND ON LVST	55
PART 5: UNAUDITED PROFORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP	89
PART 6: ADDITIONAL INFORMATION	93
APPENDIX I: SUMMARY OF THE RELEVANT LAWS AND REGULATIONS IN THE PRC	124
APPENDIX II: EXPLANATORY NOTE OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION	135
NOTICE OF EXTRAORDINARY GENERAL MEETING	137

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	4 September 2008
Latest time and date for receipt of forms of proxy	11.00 a.m. on 27 September 2008
Extraordinary General Meeting	11.00 a.m. on 29 September 2008
Latest date for dealings in Ordinary Shares and for registration of transfers	close of business on 29 September 2008
Record date for the Capital Reorganisation	close of business on 29 September 2008
Admission effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 30 September 2008
Completion of the Acquisition	30 September 2008
CREST accounts expected to be credited with the New Ordinary Shares, including the Acquisition Shares and Placing Shares (where applicable)	30 September 2008
Definitive share certificates for the New Ordinary Shares, including the Acquisition Shares and Placing Shares (where applicable) to be despatched by	10 October 2008

Each of the times and dates in the above timetable is subject to change. All references are to London time unless otherwise stated. Temporary documents of title will not be issued.

ACQUISITION AND PLACING STATISTICS

Number of Existing Ordinary Shares	374,500,020
Number of issued New Ordinary Shares arising pursuant to the Capital Reorganisation	6,241,667
Number of Acquisition Shares*	9,860,000
Number of Deferred Shares*	10,300,000
Number of Conversion Shares*	6,666,666
Issue Price	75p
Placing Price	75p
Number of Placing Shares*	320,166
Number of New Ordinary Shares in issue on Admission*	23,088,499
Notional market capitalisation of the Company at the Placing Price on Admission	£17.3 million
Notional market capitalisation of the Company at the Placing Price assuming the Profit Target is met and the Deferred Shares issued	£25.0 million
Value of the Acquisition Shares at the Placing Price	£7.4 million
Percentage of the Enlarged Share Capital represented by the Acquisition Shares at Admission	42.7 per cent.
Percentage of the Enlarged Share Capital represented by the Placing Shares at Admission	1.4 per cent.
Percentage of the Enlarged Share Capital held by the New Board at Admission (includes the Acquisition Shares)	43.2 per cent.
Gross proceeds of the Placing	£0.24 million
Current AIM symbol	NINE
Proposed new AIM symbol upon Admission	SORB
ISIN Number of the Existing Ordinary Shares	GB00B245C648
ISIN Number of the New Ordinary Shares	GB00B3CX3F30

* the number of shares is stated following the Capital Reorganisation. Number of New Ordinary Shares on Admission excludes the Deferred Shares.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Acquisition”	the proposed acquisition by the Company of the entire issued ordinary share capital of Honour Field pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the conditional agreement between the Company (1), certain warrantors (2), and the Seller (3) relating to the Acquisition, further details of which are set out in paragraph 11 of Part 6 of this document;
“Acquisition Shares”	the 9,860,000 New Ordinary Shares (which excludes the Deferred Shares) to be issued following the Capital Reorganisation to the Seller pursuant to the Acquisition Agreement upon completion of the Acquisition;
“Admission”	the effective admission of the Enlarged Share Capital to trading on AIM in accordance with Rule 6 of the AIM Rules for Companies;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies as published by the London Stock Exchange from time to time;
“Albany”	Albany Capital plc, a company incorporated in England and Wales with registered number 3995223 whose registered office is at 17 Hanover Square, London, W1S 1HU;
“Albany Convertible Loan”	the convertible loan of £2.0m made to Honour Field on 28 July 2008 as described in paragraph 12.1 of Part 6 of this document. On completion of the Acquisition this loan will convert into 4,444,444 New Ordinary Shares;
“Articles”	the articles of association of the Company, as amended from time to time;
“Board”	the board of directors of the Company from time to time;
“CA 1985” or “Act”	the Companies Act 1985, as amended;
“CA 2006” or “2006 Act”	the Companies Act 2006;
“CAGR”	Compound Annual Growth Rate;
“Capital Reorganisation”	the proposed increase in the Company’s authorised share capital and the Share Consolidation, details of which are set out in paragraph 9 of Part 1 of this document;
“certificated” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
“China” or “the PRC”	The People’s Republic of China (for the purposes of this document, excluding Hong Kong, Macau and Taiwan);
“City Code”	the City Code on Takeovers and Mergers;
“Combined Code”	the Combined Code on Corporate Governance issued by the Financial Reporting Council;

“Company” or “Ninety”	Ninety Plc, a company incorporated in England and Wales with registered number 06280431 whose registered office is 17 Hanover Square, London W1S 1HU;
“Completion”	completion of the Proposals;
“Conversion Shares”	the 6,666,666 New Ordinary Shares to be issued on conversion of the Albany Convertible Loan and the Hermes Convertible Loan;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“Daily Official List”	the Daily Official List published by the London Stock Exchange;
“Deferred Shares”	up to 10,300,000 New Ordinary Shares to be issued to the Seller if the Profit Target is met;
“Directors”	the existing directors of the Company whose names are set out on page 10 of this document;
“Enlarged Group”	the Company and, following completion of the Acquisition, the Honour Field Group;
“Enlarged Share Capital”	the issued ordinary share capital of the Company following Completion comprising the New Ordinary Shares arising pursuant to the Capital Reorganisation, the Acquisition Shares and the Placing Shares;
“Existing Ordinary Shares”	the 374,500,020 Ordinary Shares in issue at the date of this document, which will become 6,241,667 New Ordinary Shares pursuant to the Capital Reorganisation;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company, notice of which is set out at the end of this document;
“FSA”	the Financial Services Authority of the United Kingdom;
“FinnCap”	JM Finn Capital Markets Limited (trading as “FinnCap”), the Company’s financial and nominated adviser and broker;
“FinnCap Option”	the option dated 4 September 2008 in favour of FinnCap for the right to subscribe for 200,000 New Ordinary Shares as described in paragraph 11 of Part 6 of this document;
“Hermes”	Hermes Capital Ltd, a company incorporated in Hong Kong with registered number 1153568, whose registered office is at 3/F, Oriental Crystal Commerce, 46 Lyndhurst Terrace, Central, Hong Kong;
“Hermes Convertible Loan”	the convertible loan of £1.0m made to Honour Field on 28 July 2008 as detailed in paragraph 12.2 of Part 6 of this document. On completion of the Acquisition this loan will convert into 2,222,222 New Ordinary Shares;

“Hermes Option”	the option dated 4 September 2008 in favour of Hermes for the right to subscribe for 400,000 New Ordinary Shares as described in paragraph 11 of Part 6 of this document;
“Honour Field”	Honour Field International Limited, a company incorporated in the British Virgin Islands with registered number BVI CRN 1414693, whose correspondence address is at 3/F, 46 Lyndhurst Terrace, Central, Hong Kong;
“Honour Field Group”	Honour Field and any subsidiary of Honour Field;
“Honour Field Ordinary Shares”	the ordinary shares of US\$1.00 each in the capital of Honour Field;
“IFRS”	International Financial Reporting Standards;
“Independent Directors”	Michael Gretton and Thomas Vaughan;
“Independent Shareholders”	those Shareholders who, in aggregate, hold over 50 per cent. of the Existing Ordinary Shares not held by Albany;
“ISIN”	International Securities Identification Number;
“ISO9001”	a set of international standards for both quality management and quality assurance;
“Issue Price”	75 pence per Acquisition Share;
“LVST”	Linyi Van Science and Technique Co., Ltd, a company incorporated in the PRC with registered number 371300018017550, whose registered office is at Double Moon Lake Road, Linyi High and New tech industrial Development Zone, Shandong 276017;
“London Stock Exchange”	London Stock Exchange plc;
“Mazars”	Mazars LLP, the reporting accountants and auditors to the Company;
“New Board”	John McLean and the Proposed Directors;
“New Ordinary Shares”	the proposed new ordinary shares of 6 pence nominal value each in the capital of the Company to be created pursuant to the Capital Reorganisation;
“Ninety Shares”	the Ordinary Shares or, following the Capital Reorganisation, the New Ordinary Shares;
“Option Scheme”	the Ninety Plc Unapproved Share Option Plan;
“Ordinary Shares”	the ordinary shares of 0.1 pence nominal value each in the capital of the Company in issue prior to the Share Consolidation;
“Panel”	the Panel on Takeovers and Mergers, the regulatory body that administers the City Code;
“Placees”	the subscribers for Placing Shares pursuant to the Placing;
“Placing”	the conditional placing of the Placing Shares by FinnCap;
“Placing Agreement”	the conditional agreement dated 4 September 2008 between the Company (1), the Directors (2), the Proposed Directors (3), and FinnCap (4) relating to the Placing, further details of which are set out in paragraph 11 of Part 6 of this document;
“Placing Price”	75 pence per Placing Share;
“Placing Shares”	the 320,166 New Ordinary Shares to be issued pursuant to the Placing;

“Profit Target”	that Honour Field will achieve a minimum audited net profit after tax for the financial year ending 31 December 2008 of RMB60 million and against which the Deferred Shares will be allotted;
“Proposals”	together, the Acquisition, the Placing, the Capital Reorganisation, the appointment of the Proposed Directors, the change of name, Admission and the Resolutions each as described in Part 1 of this document;
“Proposed Directors”	Ray, Ang Wee Boon, Wang Yan Ting, Susan, Chong Hooi San and Nicholas Smith;
“QCA”	Quoted Companies Alliance;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/No. 3755);
“Resolutions”	the resolutions to be proposed at the EGM, as set out in the notice of EGM at the end of this document and reference to a Resolution is to the relevant resolution set out in the notice of EGM;
“RMB” or “Renminbi”	the legal currency of the PRC from time to time;
“Rule 9”	Rule 9 of the City Code;
“SAFE”	the State Administration for Foreign Exchange of the PRC, the government agency responsible for matters relating to foreign exchange administration;
“Seller” or “Prime Mega”	Prime Mega International Limited, a company incorporated in the British Virgin Islands with registered number BVI CRN 1482319, whose registered office is at PO Box 933, 2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands;
“SGD”	Singapore dollars, the lawful currency of Singapore from time to time;
“Share Consolidation”	the proposed 1 for 60 Ordinary Share consolidation, details of which are set out in paragraph 9 entitled “Capital Reorganisation” in the letter from the Non-executive Directors of Ninety contained in Part 1 of this document;
“Share Dealing Code”	the code on dealing in the Company’s securities adopted by the Company on 4 September 2008 that complies with the AIM Rules;
“Shareholders”	holders of Ordinary Shares or, following the Capital Reorganisation, New Ordinary Shares;
“Sorbates”	sorbic acid and its potassium salts;
“Sterling” or “£”	pounds sterling, the lawful currency of the UK from time to time;
“subsidiary” or “subsidiary undertaking”	have the meanings given to them by CA 2006;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA” or “UK Listing Authority”	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended;
“uncertificated”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;

“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;
“US person”	a citizen or permanent resident of the United States, as defined in Regulation S promulgated under the Securities Act 1933;
“US Dollar” or “USD”	the legal currency of the United States from time to time;
“Warrantors”	the Seller, Hermes, Wang Yan Ting and Ray Ang Wee Boon; and
“WFOE”	wholly foreign-owned enterprise.

All references to times in this document are to London times.

The GBP:RMB exchange rate used throughout this document is 1GBP:13.71RMB, being the rate at 30 June 2008, unless otherwise stated.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors:	<p>John Nigel Major McLean (<i>Executive Director, proposed Non-executive Chairman</i>) Michael Gretton (<i>Non-executive Director</i>) Thomas Francis Vaughan (<i>Non-executive Director</i>)</p> <p><i>each of whose business address is 53 Davies Street, London W1K 5JH</i></p> <p>It is proposed that Michael Gretton and Thomas Vaughan will resign from the Board immediately prior to Admission.</p>
Proposed Directors:	<p>Ray Ang Wee Boon (<i>Proposed Chief Executive Officer</i>) Susan Chong Hooi San (<i>Proposed Chief Financial Officer</i>) Wang Yan Ting (<i>Proposed President & Executive Director</i>) Nicholas Michael Norman Smith (<i>Proposed Non-executive Director</i>)</p> <p><i>each of whose business address is 3/F, 46 Lyndhurst Terrace, Central, Hong Kong</i></p> <p><i>save for Nicholas Smith whose business address is Hunters Acre, Burdenshot Hill, Worplesdon, Surrey GU3 3RL</i></p>
Registered Office:	<p>17 Hanover Square London W1S 1HU</p>
Website:	<p>www.ninetyplc.co.uk</p>
Proposed Website:	<p>www.sorbicinternational.com</p>
Company Secretary:	<p>June Paddock</p>
Financial and Nominated Adviser and Broker:	<p>FinnCap 4 Coleman Street London EC2R 5TA</p>
Solicitors to the Company:	<p>As to English Law: Stephenson Harwood One, St. Paul's Churchyard London EC4M 8SH</p> <p>As to PRC Law: Jingtian & Gongcheng 15th Floor The Union Plaza 20 Chaoyangmenwai Dajie Beijing 100020 China</p>
Solicitors to the Nominated Adviser:	<p>Eversheds LLP One Wood Street London EC2V 7WS United Kingdom</p>

Solicitors to the Seller:

Watson, Farley & Williams LLP
16 Collyer Quay
12-02 Hitachi Tower
Singapore 049318

**Reporting Accountants and
Auditors to the Company:**

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

PART 1

LETTER FROM THE NON-EXECUTIVE DIRECTORS OF

NINETY PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 06280431)

Directors:

John McLean *(Executive Director, proposed Non-executive Chairman)*
Michael Gretton *(Non-executive Director)*
Thomas Francis Vaughan *(Non-executive Director)*

Registered office:

17 Hanover Square
London W1S 1HU

4 September 2008

Proposed Directors:

Wang Yan Ting *(Proposed President & Executive Director)*
Ray Ang Wee Boon *(Proposed Chief Executive Officer)*
Susan Chong Hooi San *(Proposed Chief Financial Officer)*
Nicholas Smith *(Proposed Non-executive Director)*

To the holders of Existing Ordinary Shares

Dear Shareholder

Proposed acquisition of Honour Field
Proposed Placing of 320,166 New Ordinary Shares at a price of 75 pence per share
Proposed increase in authorised Share Capital
Proposed 1 for 60 Share Consolidation
Proposed change of name to “Sorbic International plc”
Proposed adoption of new Articles of Association
Application for admission of the Enlarged Share Capital to trading on AIM
Notice of Extraordinary General Meeting

1. Introduction

Your Board today announced that the Company has conditionally agreed to acquire the entire issued ordinary share capital of Honour Field for a consideration of up to £20.12 million, payable in New Ordinary Shares, 9,860,000 to be issued on Completion and up to a further 10,300,000 to be issued conditional upon Honour Field meeting the Profit Target. The total consideration includes 6,666,666 New Ordinary Shares issued on conversion of the Albany Convertible Loan and the Hermes Convertible Loan.

Honour Field is an investment holding company registered in the British Virgin Islands whose trading subsidiary is principally engaged in the manufacture of food preservatives.

In view of the size and nature of the Acquisition, it constitutes a reverse takeover of the Company under the AIM Rules and a change of control of the Company under the City Code. Accordingly, the Proposals are conditional, *inter alia*, on the approval of Shareholders, such approval to be sought at the Extraordinary General Meeting, notice of which is set out at the end of this document.

If the Resolutions are duly passed at the EGM, the Company’s existing trading facility on AIM will be cancelled and the Company will apply for the Enlarged Share Capital to be admitted to trading on AIM. Irrevocable undertakings to vote in favour of the Resolutions have been received from certain of the Directors and Albany in respect of 272,100,020 Existing Ordinary Shares, representing approximately 72.7 per cent. of the Company’s existing issued share capital.

Shareholders should note that the Proposals are inter-conditional. If the Resolutions are passed, it is expected that Admission will take place and that dealings on AIM in the shares comprising the Enlarged Share Capital will commence on 30 September 2008.

Albany owns 71.9 per cent. of the Existing Ordinary Shares of the Company and has invested £2,000,000 in Honour Field by way of a convertible loan. John McLean, one of your Directors is also a director of Albany and is therefore considered a “related party” for the purpose of the AIM Rules and so is not independent.

The purpose of this document is, *inter alia*, to provide you with information on and an explanation of the background to the Proposals and to explain why the Independent Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole, and to seek Shareholders’ approval for the Proposals. This document also contains the Independent Directors’ recommendation that you vote in favour of the Resolutions. You should read this entire document, which contains important information in relation to the Proposals.

In connection with the Acquisition and Admission, it is proposed that the New Board will assume responsibility for the Enlarged Group, including all of Ninety’s and Honour Field’s assets, and the Seller will exchange its Honour Field Ordinary Shares for New Ordinary Shares pursuant to the Acquisition Agreement.

2. The Company and its investment strategy

The Company was incorporated in England and Wales as a public limited company on 15 June 2007 and was established to seek to acquire a controlling interest in a company, partnership or joint venture located in Europe, North America or Asia. The Company’s focus is on potential acquisition targets trading in any of the following sectors: investment, consumer goods, engineering, industrials, leisure and hotels, media and entertainment, professional and support services, retailing, technology and telecommunications. It was admitted to trading on AIM on 24 October 2007.

The Company’s investment strategy is to seek suitable targets for investment or acquisition that have some of the following characteristics:

- an experienced management team in place;
- good prospects, either in an established market or as an early mover in a high growth market;
- quoted or unquoted; and
- located in Europe, North America or Asia.

If the Acquisition does not proceed, the Directors will continue to pursue the aforementioned strategy. Whilst the Company will have incurred expenses amounting to approximately £0.76 million in pursuit of the Acquisition, the Directors are of the opinion that, whether or not the Acquisition proceeds, the Company will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this document.

3. Background to and reasons for the Acquisition

As set out above, Ninety’s primary objective as an investment company is to acquire a company with, *inter alia*, attractive growth prospects and an experienced management team. In line with this strategy, the Directors believe that the Acquisition represents a substantial investment opportunity with the potential to significantly increase Shareholder value and provide the Company with a number of benefits. In particular, the New Board believes that the Acquisition will:

- provide the Company with a well established and proven business in the PRC which produces Sorbic Acid and Potassium Sorbate and with customers in over forty six countries;
- provide the Company with a profitable business with the opportunity for continued commercial development and sustained long-term growth, under an experienced local management team;
- provide the Company with a strong position in an expanding market place, fuelled by China’s prosperity and economic growth;

- raise the profile of the Enlarged Group, which may assist it in attracting and retaining additional suitably qualified and experienced personnel to augment the experience of the New Board and the management team. LVST may also benefit from the perceived status and stature of being part of a publicly traded group, which may enhance its reputation and financial standing with its key partners and suppliers; and
- provide the Enlarged Group with greater access to capital to fund its future activities and growth, both organically and via potential acquisitions.

4. Information on Honour Field, its business and strategy

Background and principal activity

Honour Field is a privately owned investment holding company which was incorporated in the British Virgin Islands on 3 July 2007 and is beneficially owned by Mr. Ray, Ang Wee Boon. On 21 April 2008, Honour Field entered into an agreement with Mr. Wang Yan Ting, the previous owner of LVST to acquire the entire issued share capital of LVST.

Founded in July 2001, LVST was established as a private company from a previously state owned enterprise in Shandong Province, PRC. LVST's principal activity is the production and sale of the food preservatives Sorbic Acid and Potassium Sorbate from its 33,000 m² production facility in Linyi City, Shandong Province, PRC. LVST currently produces for sale approximately 3,000 metric tonnes of Sorbic Acid and 5,000 metric tonnes of Potassium Sorbate per year.

To date, LVST has been financed by a combination of short term loans from Chinese banks, as well as loans and equity investment from its founders and its previous shareholder, Mr. Wang Yan Ting. In addition, funding has been provided by cash flow generated by its operating business.

Financial summary

A financial summary for LVST for the three financial years ended 31 December 2007 and the six months ended 30 June 2008, which has been extracted without material adjustment from, and should be read in conjunction with, the audited historical financial information set out in Part 4(b) to this document, is set out below:

	<i>Six months ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>30 June</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>RMB 000s</i>	<i>RMB 000s</i>	<i>RMB 000s</i>	<i>RMB 000s</i>
Revenue	101,090	177,111	158,036	109,813
Gross profit	37,460	57,633	41,188	23,968
Profit before tax	30,986	46,808	32,077	17,869
Profit for the period	27,113	38,987	32,077	17,869
Cash and cash equivalents	25,554	53,342	26,019	13,042
Net assets	90,743	103,208	79,221	56,144

This financial summary has been converted into GBP Sterling using a fixed exchange rate of £1: RMB 13.71, being the approximate rate of exchange at 30 June 2008, and is set out below:

	<i>Six months ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>30 June</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>
Revenue	7,373	12,918	11,527	8,009
Gross profit	2,732	4,204	3,004	1,748
Profit before tax	2,260	3,414	2,340	1,303
Profit for the period	1,978	2,842	2,340	1,303
Cash and cash equivalents	1,864	3,891	1,898	951
Net assets	6,619	7,528	5,778	4,095

Industry Overview

With the steady growth of the global population, increased production of agricultural products has become essential to ensure adequate food supply. This has led to a corresponding increase in the demand for food preservatives. In the 1940's, Sorbates were found to be effective antimicrobial agents and have since then been used as preservatives in a wide range of foodstuffs and drinks.

From 1970 to 1996, six companies produced nearly all Sorbates sold worldwide. However, a number of these left the Sorbate industry in the late 1990's. Those that remained moved their operations to China, attracted by its relaxed regulatory regime and lower cost of production as a result of cheaper energy costs and lower wages.

There are two main types of Sorbate-based food preservatives: Sorbic Acid and Potassium Sorbate. Each of these types of food preservatives plays a different role in the food processing industry.

Sorbic Acid Sorbic Acid, or 2,4-hexadienoic acid, is a naturally occurring organic compound that is used as a food preservative (E Number 200). It has the chemical formula C₆H₈O₂ and was first isolated from the unripe berries of the rowan (*Sorbus Aucuparia*). Sorbic Acid is an unsaturated fatty acid and has inhibitory effects against a wide spectrum of yeasts, moulds and bacteria including most food-borne pathogens.

Sorbic Acid is widely used in all kinds of foods for its anti-decomposition and anti-fungus function and also in grains, medicines, cosmetics, toothpaste, tobacco, animal feed, latex, paper-manufacturing and pesticides.

Potassium Sorbate Potassium Sorbate, or potassium (*E,E*)-hexa-2,4-dienoate, is the potassium salt of Sorbic Acid and is a mild preservative (E Number 202). It has the chemical formula C₆H₇O₂K and is made by reacting Sorbic Acid with potassium hydroxide. Sorbates have been shown to have inhibitory effects against a wide spectrum of yeasts, moulds and bacteria and food applications of Sorbates expanded rapidly after the issuance of the original patents in 1945.

Potassium Sorbate is used to inhibit moulds and yeasts in many foods, such as cheese, wine, yogurt, dried meat and baked goods. It can also be found in many dried fruit products. In addition, herbal dietary supplement products generally contain Potassium Sorbate, which acts to prevent mould and microbes and to increase shelf life. It is also used in many personal care products (cosmetics & pharmaceuticals).

Global Demand and Supply of Sorbic Acid and Potassium Sorbate

Global demand for Sorbic Acid and Potassium Sorbate has increased as a result of the increase in the world's population and higher demand for food. According to the Food and Agriculture Organization of the United Nations, global population increased by over 74.8 per cent. between 1970 and 2005, and is expected to reach 8.3 billion by 2030. With the steady growth of the global population, increased production of food products is essential to ensure adequate food supply. The continuous increase in food production has significantly increased the importance of, and demand for, food preservatives.

Benzoic Acid and Sorbic Acid are two common, FDA-approved antimicrobial compounds available for food use. However, Benzoic Acid has been found to cause hyperactivity in children and is thought to be potentially damaging to mitochondrial DNA. At least one major food manufacturer has begun to phase out the use of Sodium Benzoate (the sodium salt of Benzoic Acid) in January 2008 in response to consumer demands.

In order to be widely used in food and pharmaceutical processing and production, the Company's products conform to American Food Chemicals Code V (F.C.C.V). British Pharmacopoeia (B.P.). European Pharmacopoeia standard (EP5.0). and European Feed Additives and PreMixtures Quality System (FAMI-QS).

Increased household income and rapid urbanization in China has also led to continued growth in the domestic consumption of meat, dairy and other high-protein products as well as the use of modern household products. The production of these food and household products often requires high volumes of preservatives, thereby increasing the demand for both Sorbic Acid and Potassium Sorbate.

Customers

In 2007, LVST sold 47.7* per cent. of its products to overseas markets and 52.3* per cent. to the Chinese domestic market. In that period, its overseas customers were spread over 46 countries and its domestic customers were spread all over China.

LVST has sought to broaden its customer base and explore new markets, and now manufactures kosher and halal products for use in end products in the Jewish and Islamic markets. Over the last twenty-five years, the New Board believes that the demand for kosher certified products has increased significantly.

For the year ended 31 December 2007, the turnover attributable to LVST's five largest customers was, in aggregate, approximately 39.2 per cent. of sales, with the largest customer accounting for 13.6 per cent. of revenues.

Sales and Marketing

LVST sells its products both directly to end customers and indirectly through distributors in both domestic and overseas markets. LVST centralises its export sales from an office in Shanghai and its domestic sales operations are at its headquarters in Linyi City.

Turnover in the export market increased from RMB 55.4* million for the year ended 31 December 2005 to RMB 84.5* million for the year ended 31 December 2007, representing a CAGR of 23.5* per cent. Turnover in the domestic market increased more rapidly from RMB 54.4* million for the year ended 31 December 2005 to RMB 92.5* million for the year ended 31 December 2007, a CAGR of 30.4 per cent.

As at 31 December 2007, LVST had seven sales representatives responsible for liaising with both distributors and direct customers and coordinating sales.

Whilst the New Board expects the export market to continue to grow, it also expects significant growth from the domestic market as global manufacturers move away from the use of Sodium Benzoate and consumers become more aware of the dangers associated with it.

Competition

LVST's in-house expertise and experience, together with its extensive network of distributors, its scale of operations, current and planned future capacity and ability to offer quality products catering to its customers tastes and requirements, serve to differentiate it from its competitors.

The New Board believes that the food additive industry in the PRC is highly competitive but has high barriers to entry due to the capital costs in setting up the plant. Furthermore, the New Board also believes that while the end customers are typically price sensitive, they are also increasingly influenced by product brand names and associated quality perceptions.

The New Board believes that LVST is well placed compared to its competitors due to its long-standing emphasis on the quality of its products. LVST's products have a number of quality and process certifications that the New Board believes are not accredited to the products of some of its competitors, and thus LVST is able to price its products at a slight premium to the average market price.

Competitive strengths

The New Board believes that LVST's major competitive strengths are:

- Established presence in both developed and developing countries through its distributors which diversifies country specific risks, its ability to serve global manufacturers irrespective of their

* Per note 5 to Part 4(b) of this document.

manufacturing locations and to provide local manufacturers with ready alternatives to Sodium Benzoates.

- High quality products conforming to American Food Chemicals Code V (F.C.C.V), British Pharmacopoeia (B.P.), European Pharmacopoeia standard (EP5.0) and European Feed Additives and PreMixtures Quality System (FAMI-QS) which allow it to market to a broader spectrum of end customers.
- Manufacturing excellence as evidenced by its ISO900 and other manufacturing certifications.

Trade Mark

LVST manufactures and distributes Sorbic Acid and Potassium Sorbate under the trademark “JinXianFeng”. The trademark is owned by LVST in the PRC under registration number 3478980. It is classified under Class 1 chemicals for food antiseptics; chemical for food preservatives; beer clarifier and preservatives. The term of validity is from 21 November 2004 to 11 November 2014.

Environmental

The Environmental Protection Law was implemented on 26 December 1989. The Environmental Protection Bureau is responsible for overall supervision and management of environmental protection in the PRC. It formulates national standards for discharging waste materials and environmental protection and monitors the PRC environmental protection system.

All enterprises engaged in food production are required to comply with the laws and regulations concerning environmental protection. The Environmental Protection Law requires all operations that produce pollutants or other hazardous substances to take environmental protection measures, and establishes an environmental protection responsibility system that encompasses effective measures to control and properly dispose of waste gases, waste water, waste residue, dust and other waste materials. Any enterprise or institution that discharges waste material must report to and register with the relevant environmental protection authority.

LVST is obliged to comply with all the environmental protection laws and regulations relating to its production process. As confirmed by the local Environmental Protection Bureau, LVST has obtained the necessary renewable license for its compliance with the regulations.

Future strategy

The New Board believes the Enlarged Group has three main elements to its future strategy.

- New facilities

At present, LVST operates from a site in Linyi City. The existing facility has an area of approximately 33,000 m² and has two production lines which are currently operating at their full design capacities. In order for LVST to be better positioned to service future anticipated growth in demand for its products, it has acquired land immediately adjacent to its present site with total area of approximately 14,700 m². The total cost of expanding production facilities will be approximately RMB 100 million (circa £7.3 million) which will be available from the cash resources of the Enlarged Group and existing working capital facilities. The proposed new production facilities will include two more production lines which will double the existing capacity. A major international food manufacturer has already expressed an interest in purchasing the entire output from one of the proposed new production lines.

- Increase marketing activities

Currently the New Board believes that sales of products are limited by production capacity. Anticipating the increase in production capacity, the New Board plans to enhance its effort in the area of distribution. With strong growth potential in both domestic and international market, it is proposed that the sales team focus on developing new markets while strengthening the relationship with the existing customers.

- Acquisition opportunities

Whilst the New Board believe that there are substantial opportunities for organic growth through increased production, they will also consider suitable acquisition opportunities as they arise.

5. Current trading and prospects for the Enlarged Group

Financial information on Ninety for the period ended 29 February 2008 is set out in Part 3 of this document. Since 29 February 2008, the Company's only activity has been to search for and evaluate suitable acquisition opportunities in line with its investment strategy and to enter into certain agreements, details of which are set out in paragraph 11 of Part 6 of this document.

Financial information on Honour Field for the period ended 31 December 2007, and on LVST for the three years ended 31 December 2007, and the six months ended 30 June 2008, is set out in Part 4 of this document. The New Board is optimistic as to the Enlarged Group's prospects, based on their expectations for the continued growth of Honour Field Group, both organically and by acquisition.

An unaudited pro forma statement of the consolidated net assets of the Enlarged Group illustrating the impact of the Proposals on the Company is shown in Part 5 of this document.

6. Directors, Proposed Directors, senior management and employees

At the EGM, resolutions will be proposed, conditional on having obtained Shareholders' approval for the Acquisition, to, *inter alia*, appoint Wang Yan Ting, Ray, Ang Wee Boon, Susan, Chong Hooi San and Nicholas Smith as directors of the Company. With effect from Completion, it is also proposed that Michael Gretton and Thomas Vaughan will resign from the Board. Brief biographical details of the Directors, Proposed Directors and senior management are set out below.

Directors

The current composition of the Board of Ninety is as follows:

John McLean (*Executive Director, proposed Non-executive Chairman*)

John McLean, aged 55, has a successful track record across a number of sectors in developing growing companies and he has also managed operations globally, with specific expertise in China, Australia, the USA, Canada and Europe. John was originally a chartered accountant with Coopers & Lybrand in both London and New York.

He is Chairman of the AIM-listed investment company Albany Capital plc, which focuses on investments into growing companies with high quality local management teams based in the PRC. Albany operates from offices in London and Qingdao, North Eastern China. John is also Chairman of AIM-listed China Food Company plc which is based in Shandong province, North Eastern China.

In 1998, he was appointed by Gamma Holdings NV to carry out a strategic review of their UK interests, including Sanderson, the textile and wallpaper company. John remained with Sanderson until 2003, serving as its managing director, successfully implementing a turnaround and disposal plan. From 1992 to 1996, he was employed as General Manager with ICS and co-led a management buy-out of the company with 3i Group plc, prior to its successful disposal to Hays plc in 1996.

Michael Gretton (*Non-executive Director*)

Michael Gretton, aged 62, served in the Royal Navy from 1963 to 1998, latterly as a Vice Admiral. In addition to his commands at sea he held three policy jobs in the Ministry of Defence. His final appointment was in NATO HQ in Brussels. In 1998 Michael became Chief Executive of The Duke of Edinburgh's Award in the UK. In his seven years in the post, participation grew by 40 per cent. to over 300,000. After two years as an executive and then as a consultant with World Challenge plc, Michael concentrated on non executive work. In July 2007 he was appointed Chair of the Winchester and Eastleigh Healthcare NHS Trust. In addition Michael is governor of two secondary schools, St. Edward's School in Oxford and St. Mary's School in Shaftesbury.

Thomas Vaughan (*Non-executive Director*)

Thomas Vaughan, aged 59, co-founded, with his brother, Oliver, Juliana's Holdings Plc which in 1966 was the world's largest discotheque entertainment group. Following its £30 million sale to Wembley Leisure Limited in 1988, Tom became an executive director of Wembley Leisure. In 1994 Tom was appointed chairman of newly-formed Gander Holdings Plc, a London based property company specialising in the acquisition and development of prime Kensington and Chelsea residential real estate. In January 2000, Tom became a director of the London Academy of Music and Dramatic Art. In April 2004, Tom was appointed a director of ART VPS Limited, a Cambridge based technology company and from January 1996 until 30 March 2007, he was a director of Corporate Synergy Group Plc (renamed Blue Oar Plc).

It is proposed that Michael Gretton and Thomas Vaughan will resign from the Board immediately prior to Admission and thus following Completion, the New Board will comprise John McLean and the following Proposed Directors as set out below:

Proposed Directors

Wang Yan Ting (*President & Executive Director*)

Wang Yan Ting, aged 43, is the Chairman, Chief Executive Officer and founder of LVST, and is responsible for implementing its strategy and direction. Mr. Wang has more than 20 years of business development experience and nearly eight years experience in the food preservatives industry. Notably, Mr. Wang spent a number of years as general manager of Linyi Zhongqiao Property Development Limited, a Chinese property developer. Thereafter, he was appointed managing director of Linyi Huasheng Trading Limited, a Chinese company principally involved in the manufacture of chemicals and plastics. Mr. Wang also served in the police force for four years.

Ray, Ang Wee Boon (*Chief Executive Officer*)

Ray Ang, aged 37, is the Senior Vice President of Hermes Capital Limited, a Hong Kong based company involved in securities, corporate finance advisory and other related services. Mr. Ang started his career in finance with Hong Kong Shanghai Banking Corporation. With more than 14 years of experience in personal and corporate finance, he works from offices in Singapore, Hong Kong and mainland China. He holds a Master's degree in Business Administration from Macquarie University, Sydney, Australia.

Susan, Chong Hooi San (*Chief Finance Officer*)

Susan Chong, aged 36, is the Vice President of Hermes Capital Limited, a Hong Kong based company. She is a Fellow of the Association of Chartered Certified Accountants (ACCA, UK) with over 12 years experience in commercial finance and audit, consultancy and advisory service for businesses, projects and due diligence for direct investment.

Nicholas Smith (*Non-executive Director*)

Nicholas Smith, aged 56, trained as an accountant with Ernst and Young. He joined the Jardine Fleming Group in Hong Kong in 1986 serving, at various times, as co-head of Investment Banking, finance director and member of the executive committee. He became a director of Robert Fleming International in 1998 and director of Origination, Investment Banking. His responsibilities combined the strategic direction of the international M&A business and fee generation in relation to European multinational corporations. He currently serves as senior independent director of Ophir Energy plc, for whom he is Chairman of the nominations and audit committees and non executive director of Asian Citrus Holdings Ltd, for whom he is Chairman of the remuneration committee, and PLUS Markets Group plc, for whom he is Chairman of the audit committee. He is also a director of Plus Markets plc, The Ernschaw Partnership Limited, Totally Independent Directors Limited, 4C Associates Limited and 9 Flies Limited. He was also until recently non executive Director of Imprint plc until its acquisition by Premier UK.

Senior Management

In addition to the Directors and Proposed Directors, details of key senior management personnel within the Enlarged Group immediately following Completion are set out below:

Shao Ming Ming

Mr. Shao Ming Ming, aged 46, is the General Manager of LVST in charge of operational and manpower matters. Mr. Shao graduated from Shandong Polytechnic University with a degree in Mechanical Engineering and is an EMBA student in Shanghai Fudan University. Mr. Shao has over 25 years of experience in the food preservative industry, of which 18 years is at management level.

Employees

Save for the Directors who are standing down on Completion, the New Board has confirmed that it intends to retain the services of all the other management and employees of Honour Field Group on terms that will remain unchanged following Completion.

On Completion, Ninety will move its Head Office to Hong Kong where Mr. Ang and Ms. Chong will be based, whilst Mr. Wang will oversee operations in Linyi City in the PRC. Its registered office will remain in London where the non-executive directors will be based. The majority of Board meetings will be held outside the UK.

7. Principal terms of the Acquisition

Pursuant to the Acquisition Agreement, the Company has agreed conditionally to purchase the entire issued ordinary share capital of Honour Field from the Seller for an aggregate consideration of up to £15.12 million, to be satisfied through the issue of the Acquisition Shares. In addition 6,666,666 New Ordinary Shares are to be issued pursuant to conversion of the Albany Convertible Loan and the Hermes Convertible Loan.

The number of Acquisition Shares to be issued to the Seller will vary depending upon Honour Field's performance against the Profit Target. At Completion, the Seller will receive 9,860,000 Acquisition Shares representing approximately 42.7 per cent. of the Enlarged Share Capital. The balance of the Acquisition Shares will only be issued if Honour Field exceeds the Profit Target, whereby the Seller will receive up to a further 10,300,000 New Ordinary Shares such that its aggregate holding in the Company (assuming no further shares are issued by the Company after Admission) will be approximately 60.4 per cent. of the Enlarged Share Capital. If Honour Field achieves between 75 per cent. and 99.9 per cent. of the Profit Target, the Seller will receive such further number of Acquisition Shares as is pro rata to the percentage of the Profit Target achieved. If Honour Field fails to achieve 75 per cent. of the Profit Target, the Seller will receive no further Acquisition Shares.

Under the Acquisition Agreement, the Warrantors have given warranties and indemnities relating to, *inter alia*, title to Honour Field Ordinary Shares and the Warrantors have given warranties relating to the contents of this document and the due diligence information provided to the Company (subject to certain limitations) appropriate to a transaction of the size and nature similar to the Acquisition. These warranties are given to the Company on trust for the benefit of the Shareholders immediately prior to Admission.

These warranties are given, *inter alia*, with the following limitations as to liability (which do not apply where the claim is the consequence of fraud or deliberate non-disclosure):

- notice of any claim in respect of the warranties must be given to the Seller within 7 years of completion in relation to tax warranties and on or before the date following 3 months after the date of publication of the audited consolidated accounts of the Company for the year ended 31 December 2010 in relation to any other warranties;
- the maximum sum that can be recovered under the warranties is capped at (i) prior to the date of allotment and issue of any of the Deferred Shares, the amount of £7,395,000; and (ii) on and from the date of allotment and issue of any Deferred Shares, an amount equal to the sum of (a) £7,395,000 and (b) the product of the number of Deferred Shares allotted multiplied by £0.75.

The Company is giving warranties to the Seller, *inter alia*, in respect of its capacity to issue the Acquisition Shares and the contents of this document. The Company's warranties are given, *inter alia*, with the following limitations as to liability:

- notice of any claim must be given to the Company on or before the date falling 3 months after the date of publication of the audited consolidated accounts of the Company for the year ended 31 December 2010; and
- the maximum aggregate amount of all claims must not exceed £2,000,000.

The Acquisition Agreement is conditional, *inter alia*, on:

- the passing of the Resolutions at the EGM necessary to approve the purchase of the shares in Honour Field, to appoint the Proposed Directors and to authorise the Company to issue the Acquisition Shares;
- the Placing Agreement becoming unconditional in all respects save as to completion of the Acquisition and Admission; and
- Admission.

Further details of the Acquisition Agreement are set out in paragraph 11 of Part 6 of this document.

8. Details of the Placing and Placing Agreement

The Company is raising £0.24 million through the issue of the Placing Shares at the consolidated price of 75 pence for each Placing Share pursuant to the Placing Agreement. The Placing Shares will be issued fully paid and will represent approximately 1.4 per cent. of the Enlarged Share Capital on Admission. The Placing is conditional on, *inter alia*, Admission becoming effective by 8.00 a.m. on 10 October 2008 (or such later time and date, being not later than 3.00 p.m. on 31 October 2008, as the Company and FinnCap shall agree). Further details of the Placing Agreement are set out in paragraph 11.7 of Part 6 of this document. The Placing Agreement contains provisions entitling FinnCap to terminate the Placing Agreement at any time prior to Admission in certain circumstances.

The proceeds of the Placing together with the Company's existing cash resources will be used to fund the expenses of the Acquisition and Admission, the construction and commissioning of expanded production facilities and the future working capital needs of the Company.

The New Board is subscribing for 106,666 Placing Shares totalling £80,000 in aggregate.

On Completion, including the New Ordinary Shares held by Prime Mega, the New Board will hold approximately 43.2 per cent. in aggregate of the Enlarged Share Capital.

The New Ordinary Shares to be issued under the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and the Acquisition Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the ordinary share capital of the Company.

9. Capital Reorganisation

In order to make the number of Ordinary Shares in issue more manageable and the share price more attractive to potential investors, the Company proposes, by means of the Capital Reorganisation and subject to shareholder approval at the EGM, to effect, *inter alia*, a share consolidation to reduce the number of authorised and issued ordinary shares.

At present, the authorised share capital of the Company is £500,000 consisting of 500,000,000 Ordinary Shares. It is proposed that the Capital Reorganisation will consist of the following steps:

- (i) the increase of the Company's authorised share capital to £6,000,000 by the creation of an additional 5,500,000,000 ordinary shares of 0.1p each having the same rights in all respects as the Ordinary Shares of 0.1p each in the capital of the Company;
- (ii) every 60 Ordinary Shares in issue (or such number as will result in a whole number of consolidated shares, the balance of the Existing Ordinary Shares held by each member being dealt with as provided in (iii) below) will be consolidated into one New Ordinary Share of 6p and every 60 authorised but unissued Ordinary Shares will be consolidated into one New Ordinary Share of 6p and;

- (iii) fractional entitlements arising out of the consolidation under sub-paragraph (ii) above by reason of there being less than 60 Ordinary Shares or a number not divisible by 60 shall be aggregated into New Ordinary Shares and the whole number of New Ordinary Shares so arising shall be sold in the market and the net proceeds of sale held for the benefit of the Company.

It is anticipated that New Ordinary Share certificates will be issued and dispatched by 10 October 2008 and that CREST holders will have their CREST accounts credited with their holdings of New Ordinary Shares on 30 September 2008. On despatch of the new certificates, any existing certificates will become valueless and should be destroyed. Temporary documents of title will not be issued and, pending dispatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register.

The effect of the Capital Reorganisation will be to consolidate every 60 Existing Ordinary Shares into one New Ordinary Share.

The table below illustrates the effect of the Capital Reorganisation for a Shareholder holding 60,000 Ordinary Shares with an assumed market value of 1.05 pence per share (this being the closing mid-market price on the business day immediately prior to the date of this document) and an assumed value of 63 pence per New Ordinary Share following the Capital Reorganisation. It illustrates that, on that basis, the aggregate market value of the shares held will be unaffected by the Capital Reorganisation:

	<i>Number of shares</i>	<i>Nominal value per share (p)</i>	<i>Total nominal value (£)</i>	<i>Assumed market value per share (p)</i>	<i>Total market value (£)</i>
<i>Prior to the Capital Reorganisation:</i>					
Existing Ordinary Shares	60,000	0.1	60.00	1.05	630.00
<i>Following the Capital Reorganisation:</i>					
New Ordinary Shares	1,000	6	60.00	63.0	630.00

Following the Capital Reorganisation and prior to the issue of any New Ordinary Shares pursuant to the other Proposals, there will be 6,241,667 New Ordinary Shares in issue, which will replace the Existing Ordinary Shares. It is proposed that the Company's articles of association be amended accordingly pursuant to Resolution 8 at the EGM.

Following completion of the Capital Reorganisation, the authorised share capital of the Company will be £6,000,000, consisting of 100,000,000 New Ordinary Shares.

10. Corporate governance

The New Board recognises the importance of sound corporate governance and intends to comply in all material respects with the Quoted Companies Alliance ("QCA") Corporate Governance Guidelines for AIM Companies. The Company has already established audit, nomination and remuneration committees, with formally delegated duties and responsibilities and membership of these will be reconstituted to reflect the New Board as disclosed below. Set out below is a description of the Company's corporate governance practices which are in accordance with applicable QCA guidelines.

Meetings of the Board

The Board will meet regularly and be responsible for strategy, performance, approval of major capital projects and the framework of internal controls. The Board will have a formal schedule of matters specifically reserved to it for decision, including matters relating to management structure and appointments, strategic and policy considerations, transactions and finance. To enable the Board to discharge its duties, all of the directors will receive timely information. The new articles of association of the Company, summarised in paragraph 6 of Part 6 of this document, provide that one third of the Board members will be subject to retirement by rotation and subject to re-election at each annual general meeting of the Company.

Audit, nomination and remuneration committees

The members of the audit committee will comprise John McLean, (Chairman), Nicholas Smith and Susan Chong. The audit committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Enlarged Group is properly measured and reported on. In addition, it will receive and review reports from the Company's management and auditors. The audit committee will meet not less than three times in each financial year and will have unrestricted access to the Company's auditors.

The members of the remuneration committee will comprise Nicholas Smith (Chairman), Wang Yan Ting and Ray Ang. The remuneration committee will, amongst other things, make recommendations to the Board on matters relating to the remuneration of the chief executive officer and other executive directors. The remuneration committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

The Nomination Committee will consist of the entire Board, chaired by the Company's Chairman. The Nomination Committee will consider the selection and re-appointment of Directors. It will identify and nominate candidates to fill Board vacancies and review regularly the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.

Internal financial controls

The Board will be responsible for establishing and maintaining the Enlarged Group's system of internal financial controls and importance is placed on maintaining a strong control environment. The key procedures which the New Board intends to establish with a view to providing effective internal financial control includes the following:

- the Company will institute a monthly management reporting process to enable the Board to monitor the performance of the Enlarged Group;
- the Board will adopt and review a comprehensive annual budget for the Enlarged Group. Monthly results will be examined against the budget and deviations will be closely monitored by the Board;
- the Board will be responsible for maintaining and identifying major business risks faced by the Enlarged Group and for determining the appropriate courses of action to manage those risks; and
- fully consolidated management information will be prepared on a regular basis, at least half yearly.

The New Board recognises, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The effectiveness of the system of internal financial control operated by the Enlarged Group will therefore be subject to continuing review by the New Board.

The New Board intends to comply with Rule 21 of the AIM Rules relating to directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance with that rule by the Company's applicable employees. The Company has adopted the Share Dealing Code for this purpose.

11. Dividend policy

The New Ordinary Shares will rank *pari passu* for all dividends and other distributions declared, paid or made in respect of the ordinary share capital of the Company. The Company has not paid any dividends since incorporation.

The New Board's current intention is to retain and re-invest the earnings arising from the Enlarged Group's activities to fund the development of the Enlarged Group. Accordingly, it does not expect to recommend or pay any dividends in the immediate future. However, the New Board will review the situation once the proposed new production facilities are fully operational.

The declaration and payment by the Company of any future dividends, and the amount of such dividends, will ultimately be dependent upon the Company's financial condition, future prospects, profits legally available for distribution, the need to maintain an appropriate level of dividend cover and other factors deemed by the Board to be relevant at that time. This will take into account both the requirements of the business and the expectations of Shareholders.

12. Change of company name

To reflect the proposed changes to the Company, its management and operations as a result of the Acquisition, it is proposed that, conditional on Completion, the Company will change its name to Sorbic International plc pursuant to Resolution 11.

13. The City Code on Takeover and Mergers

The Acquisition and the issue of the Acquisition Shares to the Seller and to certain members of the proposed Board of the Company and other senior management of LVST (the "Management Team") gives rise to certain considerations under the City Code. Brief details of the Panel and the City Code, and the protections they currently afford to Shareholders, are described below.

The City Code is issued and administered by the Panel. Ninety is such a company and Shareholders are currently entitled to the protection afforded by the City Code.

The City Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The City Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

Under Rule 9 of the City Code, any person or group of persons acting in concert who acquires an interest in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, is normally required to make a general offer in cash to all the remaining shareholders to acquire their shares at not less than the highest price paid by them for any interest in shares in that company during the previous twelve months.

Under Rule 9 of the City Code, when any person or group of persons acting in concert individually or collectively are interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of the voting rights of a company which is subject to the Code and such person or any person acting in concert with him acquires an interest in any other shares, which increases the percentage of shares carrying voting rights in which he is interested, then that person or group of persons is normally required to make a general offer in cash to all shareholders of that company to acquire their shares at not less than the highest price paid by them for any interest in shares in that company during the previous twelve months.

Under Rule 37 of the City Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of the City Code.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) actively co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Control means the holding, or aggregate holdings, of interests in shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings give *de facto* control.

As set out above, under Rule 9, the Seller and/or the Management Team would normally be obliged in such circumstances to make a general offer to all Shareholders at not less than the highest price paid by the Seller and/or the Management Team, or any person acting in concert with it, within the preceding twelve months for Ordinary Shares. However, the Panel has discretion to waive this requirement for the Seller and/or the

Management Team to make a mandatory offer under Rule 9 that would ordinarily arise as a result of the Acquisition if the shareholders of the Company, excluding any persons connected in any way with the Seller, or the Management Team, any of their associates or the relevant transaction (the “Independent Shareholders”) pass an ordinary resolution on a poll (a “Whitewash Resolution”) approving such a waiver. The Panel has the power to waive the requirement for a Whitewash Resolution to be put to the shareholders of the Company at a general meeting if Independent Shareholders holding Ordinary Shares carrying more than 50 per cent. of the voting rights state in writing that they would vote in favour of a Whitewash Resolution were one to be put to Shareholders at a general meeting. The Panel has exercised its discretion to grant such a waiver because the Independent Shareholders who hold 18.0 per cent. of the voting rights of the Company (being over 50 per cent. of those not held by Albany), have confirmed to the Panel in writing that they would not accept such an offer if it were made. The Panel do not consider Albany to be independent of Ninety in relation to this matter because of the Albany Convertible Loan in Honour Field.

As a result, no approval of the waiver of the obligation that would otherwise arise under Rule 9 for the Seller and/or the Management Team to make a mandatory offer as a result of the Acquisition is being sought in this case.

Non City Code Status following Completion.

Following Completion, the place of central management and control will no longer be in the UK, the Channel Islands or the Isle of Man. As a result, following the Acquisition, the City Code will not apply to any offer made to Shareholders in the Company to acquire their Ninety Shares. Shareholders should note that, if the Acquisition is completed, then so long as the Company’s place of central management and control remain outside the UK, they will not receive the protections afforded by the City Code in the event of a subsequent offer to acquire their shares in the Company.

However, the Company intends to incorporate certain shareholder protections from the City Code into its Articles of Association. See the description of the proposed new articles of association set out at paragraph 14 below.

The general principles and rules of the City Code

The City Code is based on a number of general principles which are essentially statements of standards of commercial behaviour. These apply to all transactions with which the City Code is concerned. They are expressed in broad terms and the City Code does not define the precise extent of, or the limitations on, their application. They are applied by the Panel in accordance with their spirit to achieve their underlying purpose. In addition to the general principles, the City Code contains a series of rules, of which some are effectively expansions of the general principles and examples of their application and others are provisions governing specific aspects of takeover procedure. Although most of the rules are expressed in more detailed language than the general principles, they are not framed in technical language and, like the general principles, are to be interpreted to achieve their underlying purpose. Therefore, their spirit must be observed as well as their letter. The Panel may derogate or grant a waiver to a person from the application of a rule in certain circumstances.

14. New articles of association

Conditional upon the Acquisition and the Capital Reorganisation taking place, as well as the passing of the Resolutions, new articles of association of the Company will be adopted in substitution for the existing articles of association.

Set out in Appendix II of this document is a summary of the main differences between the current and the proposed new articles of association. This summary has been prepared in order to assist shareholders in understanding the rationale for and substance of the proposed amendments. The new articles reflect certain provisions of the 2006 Act which have already been brought into force. As well as changes to reflect the provisions of the 2006 Act, the articles are proposed to be amended by inserting certain provisions which seek to mirror Rule 9 of the City Code. These provisions take effect in circumstances where the City Code ceases to apply to the Company. Although only a small number of changes to the articles are proposed, it is easier to adopt new articles rather than merely propose amendments as this allows the form of Resolution 8 to be more straightforward.

A copy of the current and the new articles of association that reflect the changes set out below will be available for inspection during normal business hours on any weekday, Saturdays, Sundays and public holidays excepted, at the offices of Stephenson Harwood, One St. Paul's Churchyard, London EC4M 8SH from the date of this document until the conclusion of the EGM.

15. Taxation

Certain information regarding certain taxation considerations in the United Kingdom is set out in paragraph 8 of Part 6 of this document. These details are, however, intended only as a general guide to the current position under UK taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.

Your attention is also drawn to the risk factor on taxation set out on page 33 of this document.

16. Settlement, dealings and CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Company's articles of association contain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form in CREST under the Regulations. The Ordinary Shares are enabled for settlement through CREST. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is anticipated that, on Admission, the Enlarged Share Capital will be capable of being held and settled through CREST.

Application will be made for the Enlarged Share Capital to be admitted to AIM. Subject to completion of the Acquisition, Admission is expected to take place, and dealings in the Enlarged Share Capital to commence, on 30 September 2008.

17. Lock-in and orderly market arrangements

On Completion, the Seller and Albany will be interested in approximately 42.7 per cent. and 38.7 per cent. of the Enlarged Share Capital respectively. Wang Yan Ting, Susan Chong Hooi San, Hermes, the Seller and Albany have undertaken to the Company and FinnCap that, except in certain limited circumstances, they will not dispose of any interest in the New Ordinary Shares held by them for a period of twelve months from the date of Admission and, for the following twelve months, that they will only dispose of their holdings with the prior written consent of the Company's nominated adviser and broker from time to time (such consent not to be unreasonably withheld).

Post Completion Albany will be interested in 8,937,778 New Ordinary Shares representing approximately 38.7 per cent. of the Enlarged Share Capital. Of this holding, 4,621,700 New Ordinary Shares, representing approximately 20 per cent. of the Enlarged Share Capital, will be subject to the lock-in agreement and the balance of 4,316,078 Ordinary Shares are subject to an orderly market agreement.

Prime Mega will be interested in 42.7 per cent. of the Enlarged Share Capital. All New Ordinary Shares held by Prime Mega (including the Deferred Shares if issued), will be subject to the lock-in save that Prime Mega can transfer such shares to the existing management of Honour Field Group. For the avoidance of doubt, such shares will continue to be subject to the duration of the lock-in.

In aggregate, 18,797,778 New Ordinary Shares representing approximately 81.4 per cent. of the Enlarged Share Capital will be subject to the lock-in and orderly market agreements referred to above. Further details of the lock-in and orderly market agreements are set out in paragraph 11 of Part 6 of this document.

18. Share option schemes

The New Board believes that it is important that directors and employees of the Enlarged Group are appropriately and properly motivated and rewarded. At the discretion of the Board, eligible persons may be

invited to participate in the Company's existing Share Option Plan which is limited in total to 10 per cent. of the Company's issued share capital from time to time. A summary of the Company's existing Share Option Plan is set out in paragraph 7 of Part 6 of this document. No share options have been issued under this scheme to date.

19. Extraordinary General Meeting

A notice is set out at the end of this document convening an extraordinary general meeting of the Company to be held at 11.00 a.m. on 29 September 2008 at the offices of FinnCap at which resolutions will be proposed to:

- (i) approve the Acquisition for the purposes of Rule 14 of the AIM Rules and section 190 of the 2006 Act;
- (ii) appoint Ray, Ang Wee Boon as a director of the Company;*
- (iii) appoint Susan, Chong Hooi San as a director of the Company;*
- (iv) appoint Wang Yan Ting as a director of the Company;*
- (v) appoint Nicholas Smith as a director of the Company;*
- (vi) increase the authorised share capital of the Company from £500,000 to £6,000,000 by the creation of an additional 5,500,000 new ordinary shares of 0.1p each;*
- (vii) authorise the Directors to allot New Ordinary Shares, including the Acquisition Shares and the Placing Shares;*
- (viii) adopt the new articles of association;
- (ix) approve the Share Consolidation;*
- (x) disapply Shareholders' statutory pre-emption rights over shares;* and
- (xi) change the name of the Company to "Sorbic International plc".*

* conditional on obtaining Shareholders' approval of the Acquisition

Under the AIM Rules, if Shareholders approve the Acquisition at the EGM and the Acquisition becomes unconditional in all respects, save in respect of Admission, the Company will be admitted to AIM as a new applicant on the first business day after the EGM. If shareholder approval is not given, trading in the Existing Ordinary Shares will continue as normal.

20. Irrevocable undertakings

The Company has received irrevocable undertakings from Thomas Vaughan and Albany to vote in favour of the Resolutions to be proposed at the EGM.

Further details of these irrevocable undertakings are set out in paragraphs 15.1 and 15.2 of Part 6 of this document.

21. Action to be taken

A form of proxy for use at the EGM is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the form of proxy to the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA, as soon as possible and in any event so as to arrive not later than 11.00 a.m. on 27 September 2008. The completion and return of a form of proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so.

22. Further information

Your attention is drawn to the further information set out in:

- Part 2 of this document relating to risk factors;
- Part 3 of this document setting out financial information on Ninety;
- Part 4 of this document setting out financial information on the Honour Field Group;
- Part 5 of this document setting out certain unaudited proforma financial information for the Enlarged Group;
- Part 6 of this document summarising statutory and general information on the Company and the Honour Field Group;
- Appendix I to this document containing a summary of the relevant laws and regulations in the PRC;
- Appendix II to this document containing a summary of the main differences between the current and proposed new Articles; and
- the notice of EGM at the back of this document.

23. Recommendation

The Independent Directors of the Company, having consulted with FinnCap, consider the Proposals to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Independent Directors recommend Shareholders to vote in favour of the Resolutions, as they have irrevocably undertaken to do or procure to be done in respect of their own beneficial holdings which amount, in aggregate, to 2,500,000 Ordinary Shares representing approximately 0.7 per cent. of the Existing Ordinary Shares.

In addition, certain other Shareholders holding 269,600,020 Ordinary Shares representing approximately 71.9 per cent. of the Existing Ordinary Shares, which, when aggregated with the Ordinary Shares held by the Independent Directors, represents approximately 72.7 per cent. of the Existing Ordinary Shares, have irrevocably undertaken to vote in favour of the Resolutions.

Yours faithfully

Michael Gretton

Non-executive Director

Thomas Vaughan

Non-executive Director

PART 2

RISK FACTORS

The investment detailed in this document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

The Ordinary Shares and, following the Capital Reorganisation, the New Ordinary Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

In addition to the other relevant information set out in this document, the Directors and the Proposed Directors consider that the following specific risk factors, which are not set out in any particular order of priority, should be taken into account in evaluating whether to make an investment in the Company:

1. Risks relating to the Enlarged Group's activities

Dependence on key executives and personnel

The future performance of the Enlarged Group will depend on its ability to retain the services and personal connections or contacts of key executives, including the chief executive officer, Ray Ang Wee Boon, and the other Proposed Directors, and to recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel. Such key executives are expected to play an important role in the development and growth of the Enlarged Group, in particular by maintaining good business relationships with regulatory and governmental departments and the Enlarged Group's existing customers, distributors and suppliers.

Although certain key executives have entered, or will at the time of Admission enter, into service agreements or letters of appointment with the Enlarged Group, there can be no assurance that the Enlarged Group will retain their services. The process of hiring employees with the combination of skills and attributes that the key management team possesses can be time-consuming and it may not be possible to identify or employ suitably qualified alternative personnel on a timely basis if at all. Accordingly, the loss of the services of any members of the key senior management team may have an adverse material effect on the business, operations, revenues, customer relationships and/or prospects of the Enlarged Group.

Failure to meet health & safety, hygiene, environmental and other regulatory standards and approvals

The Honour Field Group's businesses are subject to annual inspections and periodic checks by the relevant authorities in the PRC to ensure that their activities comply with applicable health and safety, hygiene and other environmental standards. In the event that they fail to pass such inspections or checks or otherwise fail to comply with and meet the requisite standards, the relevant authorities may require them to suspend their operations temporarily until such time as they are able to meet the requisite standards or may impose penalties and fines on them for the breach or may even withdraw or suspend their licences or permits or otherwise restrict or prohibit them from continuing their operations, all of which may have an adverse effect on the business and operations, financial results or financial position of the Enlarged Group.

Save as aforesaid there have been no incidents where Honour Field's businesses were suspended or disrupted as a result of any licence or permit being revoked or withdrawn.

However, there can be no assurance that such incidents will not occur again in the future or that the Honour Field Group's reputation, business, goodwill, revenue or profitability will not be adversely affected as a result of such occurrence.

Furthermore, the future introduction of new laws, guidelines and regulations could serve to limit the growth and development of the Enlarged Group's business or have an otherwise negative impact on its operations. Any changes to, and increases in, current regulation or legal requirements may have a material adverse effect upon the Enlarged Group and its target market sectors in terms of additional compliance costs.

Fluctuations in the price of raw materials

A significant percentage of the raw materials used in the production of the Honour Field Group's products are commodity-based. The prices of raw materials such as crotonaldehyde and acetic acid used in the production of Sorbic Acid and Potassium Sorbate may fluctuate due to changes in supply and demand conditions. Any shortage in the supply or upsurge in demand may lead to an increase in prices, which may adversely affect the Enlarged Group's profitability due to increased costs and lower profit margins on committed sales orders.

Reliance on key suppliers

The Honour Field Group has a number of key suppliers from whom it acquires a significant portion of its crotonaldehyde aldehyde and acetic acid supplies (being the main raw materials used in the production of potassium sorbate and sorbic acid). By virtue of the volume of its purchases from these suppliers the Honour Field Group is able to secure favourable prices. In 2007 there were four suppliers of these two raw materials of which one accounted for 49.4 per cent. and one for 34.0 per cent.. There can be no guarantee that these suppliers will continue to sell to the Honour Field Group in these quantities, at these prices or at all. The loss of one or more of these customers or a significant reduction in the amount of their products that the Honour Field Group may purchase may have an adverse effect on the business and operations, financial results or financial position of the Honour Field Group.

Significant reliance on key customers

The Honour Field Group has a number of key customers that account for a significant portion its revenues. In 2007 there were six customers each accounting for over 6.0 per cent. of its total revenues of which one accounted for 12.2 per cent. and one for 9.2 per cent. There can be no guarantee that these customers will continue to purchase the Honour Field Group's products in these quantities or at all. The loss of one or more of these customers or a significant reduction in the amount of the Honour Field Group's products that they purchase may have an adverse effect on the business and operations, financial results or financial position of the Enlarged Group.

Exposure to customer credit risk

The Honour Field Group may be exposed to the credit risk of its customers although the bulk of its sales are currently on cash terms. Any deterioration in the financial position of the Honour Field Group's customers may materially and adversely affect the Honour Field Group's profits and cashflow as the Honour Field Group may be forced to give credit terms to maintain its sales and these customers may default on their payment to the Honour Field Group. This impact will be greater in an economic downturn, when more customers may experience cash flow difficulties or face the possibility of liquidation. This may result in the Honour Field Group stopping sales to its customers or giving more generous credit terms to such customers. It may then be exposed to delays in receiving payment for its products or in more severe cases, the Honour Field Group may not be able to receive and/or collect payment for its products at all. As a result of the Honour Field Group's customers defaulting on their payment to it, the Honour Field Group would have to make provisions for doubtful debts and/or incur debt write-offs, which may have an adverse impact on its profitability.

Foreign exchange risks

The Honour Field Group's dominant transactional currency for its financial years ended 31 December 2005, 31 December 2006 and 31 December 2007 was RMB, including the cost of materials which are imported by its suppliers. The Directors and the Proposed Directors believe that the Honour Field Group's transactional foreign exchange exposure for the past three years was insignificant due to the fact that all of its sales and costs were in RMB thereby providing a natural hedge through matching. However, the Company is exposed

to fluctuations in the price of imported raw materials and any future significant fluctuations in foreign exchange rates may have a material impact on its financial performance in the event that the Company is unable to pass on the increased costs to its customers.

Insurance coverage

The Honour Field Group does not presently have in place any insurance coverage to protect its businesses, assets or properties, such as fire or theft insurance for its land, buildings and other assets (including inventory and raw materials), product liability insurance, third party liability insurance, workmen compensation insurance for accidents at the workplace or keyman insurance. In the absence of such insurance coverage, the Enlarged Group will have to bear the full extent and quantum of any losses or claims which may from time to time be suffered or incurred by the Enlarged Group in these areas, and this may have an adverse effect on its business and operations, financial results or financial position.

In relation to the mandatory social insurance which LVST is required to obtain for its employees, it does not have full insurance coverage for all employees as required under applicable PRC laws and regulations, as these companies hire a large number of part-time employees resulting in fluctuations in the number of employees which they have from time to time. Accordingly, LVST may be exposed to possible claims, losses or liabilities (including payment of fines, penalties, charges or levies which may be imposed by the relevant authorities) for such non-compliance, and this may have an adverse effect on its business and operations, financial results or financial position.

Dependence on licences, registrations, certifications and accreditations

Certain business operations of the Honour Field Group are dependent on various licences, registrations, certifications and accreditations.

The Proposed Directors are not aware of any occasion where the Honour Field Group has been unable to renew its licences or registrations, or had its certifications or accreditations revoked. The New Board intends to remain aware of relevant regulatory requirements and industry best practices to ensure that the quality of products supplied by the Enlarged Group is maintained at a satisfactory level.

Nevertheless the ability to obtain, sustain or renew licences, registrations, certifications and accreditations on acceptable terms is subject to changes in regulations and policies and at the discretion of applicable authorities. If such licences, registrations, certifications and accreditations cannot be obtained or renewed, the Enlarged Group may not be able to carry out all or part of its business. This may have a material adverse impact on some or all of the Enlarged Group's business.

The Enlarged Group's objectives may not be fulfilled

The ability of the New Board to implement the Enlarged Group's strategy could be adversely affected by changes in the economy and/or industries in which it operates. Although the Enlarged Group has a clearly defined strategy and the New Board is optimistic about its prospects, there can be no guarantee that its objectives or any of them will be achieved on a timely basis or at all. In particular, acquisition opportunities may not be available or of the quality or in the number required to satisfy the Enlarged Group's requirements and therefore the anticipated development or growth of the Enlarged Group may not be achieved. The Enlarged Group's ability to attract new business is also dependent on the maintenance of its reputation.

Gearing

The Enlarged Group may, for whatever reason, be unable to service interest payments and principal repayments or comply with the other requirements of its loans, rendering its borrowings immediately repayable in whole or in part, together with any attendant cost, and the Enlarged Group might be forced to sell some of its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing.

Reliance on a single production facility

The entire turnover of the Honour Field Group is generated from its single plant in Linyi City which currently operates at near full capacity. If for any reason production at this facility were to be interrupted for a significant period of time it would be very difficult to move its operations to an alternative production facility and this would have an adverse effect on the business and operations, financial results and financial position of the Honour Field Group.

2. General business risks relating to the Enlarged Group

General economic climate

The general economic climate is volatile and is affected by numerous factors which are beyond the Enlarged Group's control and which may affect its operations, business and profitability. These factors include the supply and demand of capital, growth in gross domestic product, employment trends and industrial disruption, international economic trends, currency exchange rate fluctuations, the level of interest rates and the rate of inflation, global or regional political events and international events, as well as a range of other market forces, all of which have an impact on demand, business costs and stock market prices.

The Honour Field Group's business assets and operations are located in the PRC and a significant portion of its revenues are derived from the PRC. Accordingly, the growth of the Enlarged Group will be dependent on consumer spending patterns within the PRC, which are in turn subject to economic conditions within the PRC. There can be no guarantee that the Chinese economy will sustain the level of growth it has experienced in recent years and any economic downturn may have a significant adverse impact on the Enlarged Group's future performance, results and profitability.

Future funding requirements

Although not presently anticipated by the New Board, the Enlarged Group may, in the future, need to obtain additional debt or raise additional equity funds to finance its working capital or capital expenditure requirements or to make acquisitions and finance its growth through future stages of development.

Additional equity issues may have a dilutive effect on the then existing Shareholders if they are unable or choose not to subscribe and there can be no guarantee or assurance that additional funds will be forthcoming when required, or as to the terms and price on which such funds would be available.

Furthermore, additional debt financing may include conditions that would restrict the Enlarged Group's freedom to operate its business, such as conditions that:

- limit the Enlarged Group's ability to pay dividends or require it to seek consent for the payment of dividends;
- increase the Enlarged Group's vulnerability to general adverse economic and industry conditions;
- require the Enlarged Group to dedicate a portion of its cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit the Enlarged Group's flexibility in planning for, or reacting to, changes in its business and its industries; and
- the Enlarged Group cannot guarantee that it will be able to obtain any additional debt financing on terms that are acceptable to it, or at all.

Competition

The Honour Field Group's operates in a competitive market. In particular, some competitors may have access to greater financial resources and technical facilities than the Enlarged Group, which may give them a competitive advantage.

In addition, the Enlarged Group cannot predict the pricing or promotional activities of its competitors or their effect on its ability to market and sell its products. In order to ensure that its products remain competitive, the Enlarged Group may be required to reduce its prices as a result of price reductions by its competitors. This could adversely affect the Enlarged Group's results.

Future payment of dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and Shareholders of the Company and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements, availability of profits, as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time. The Company has no plans to pay a dividend in the immediate future.

Growth strategy execution risks

In order to expand its operations, the Enlarged Group may seek to make acquisitions of selected companies, businesses or assets. The Enlarged Group's success in making any acquisitions will depend on a number of factors, including, but not limited to:

- negotiating acceptable terms with the seller(s) of the company, business or asset(s) to be acquired;
- obtaining approval from regulatory authorities in the jurisdiction of the company, business or asset(s) to be acquired, as applicable;
- assimilating the operations of an acquired company, business or asset(s) in a timely and efficient manner;
- maintaining the Enlarged Group's financial and strategic focus while integrating the acquired company, business or asset(s);
- implementing uniform standards, controls, procedures and policies in relation to the acquired company, business or asset(s); and
- to the extent that the Enlarged Group makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Any problems experienced by the Enlarged Group in connection with an acquisition as a result of one or more of these factors could have a material adverse effect on its business, operating results and financial condition.

Taxation

Any change in the Enlarged Group's tax status or the tax applicable to a holding of New Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, affect the Enlarged Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in paragraph 8 of Part 6 of this document relating to the taxation of the Enlarged Group and its investors is based upon current tax law and practice which is subject to legislative change.

Litigation

While the Enlarged Group currently has no material outstanding litigation, there can be no guarantee that the current or future actions of the Enlarged Group will not result in litigation since the animal feed and condiments industries, as with all industries, are subject to legal claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Enlarged Group's financial position or results of operations.

Product liability claims

Under current PRC laws, manufacturers and retailers of defective products in the PRC are liable for loss and injury caused by the products they manufacture or sell. Pursuant to the General Principles of the PRC Civil Law, which come into force in 1987, defective products causing any damage to property or physical injuries to any person may expose the manufacturer or retailers of such products to civil liability. In 1994, the PRC law on Protection of Consumer Rights and Interests (the “Consumer Protection Law”) was promulgated which accords further protection to consumers in connection with the purchase or use of goods and services. At present, all business entities operating in the PRC must observe and comply with the Consumer Protection Law in producing or providing goods and/or services for sale.

As the Honour Field Group’s products are all food or food-related, consumers who may become ill or injured may make product liability claims against the relevant companies.

The Enlarged Group’s business and profitability may be adversely affected if such product liability claims are established and the Enlarged Group is required to pay damages or compensation, particularly if the Honour Field Group is not covered by any product liability insurance to insure against such losses or claims. The Honour Field Group is not required under PRC laws to maintain, and does not currently maintain, any product liability insurance. Please refer to the risk factor entitled “Insurance coverage” in this regard.

Based on the past track record of the Honour Field Group, there has been no incident of any product liability claim being made against the Honour Field Group. However, there can be no assurance that such incidents will not occur in future.

Ability to enforce judgements abroad

The Proposed Directors who will hold key executive positions all reside outside the UK and all or substantially all of the assets of the aforesaid persons are allocated outside the UK. It may prove difficult for investors to effect service of process upon those members of the Enlarged Group established in China or elsewhere or those executive directors residing outside the UK or to enforce against them in China or elsewhere any judgments obtained from UK courts.

China does not have treaties providing for reciprocal recognition and enforcement of judgments of the courts of the United Kingdom or Singapore. Nor has China acceded to the Hague Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters. Article 318 of the Advisory Opinion of the Supreme People’s Court on Several Issues concerning Application of Civil Procedure Law of the PRC provides that “where a party applies to a competent Intermediate People’s Court of the PRC for recognition and enforcement of a legally effective judgment or written order made by a foreign court, if the country in which such foreign court is located and the PRC have not concluded or acceded to an international treaty and have no reciprocal relations, the party may initiate a new suit in a people’s court which has sufficient jurisdiction. Based on the same set of facts, a people’s court will substantively re-examine the case and render a judgment”. This is not a procedure for recognising and enforcing foreign judgments or written orders, since it is an independent judgment made by the people’s court after exercising sufficient jurisdictional power and undertaking substantive re-examination of the facts of the case. Therefore recognition and enforcement in China of judgments of a court in the United Kingdom or Singapore in relation to any matter not subject to a binding arbitration provision may be difficult or the outcome uncertain.

3. Risks relating to the PRC

Changes in government policies and the PRC regulatory environment

The Honour Field Group’s business is subject to certain PRC laws and regulations and policies implemented by the PRC government from time to time. The relevant authorities may terminate, withdraw or suspend the Honour Field Group’s licence or activities, or impose penalties on the Honour Field Group if there is any breach or non-compliance of these PRC laws and regulations. In particular, any suspension or withdrawal of the Honour Field Group’s production licence would materially and adversely impact its business and profitability. PRC government policies may also have a material impact on the industries in which the Honour Field Group operates, for instance, they could impose controls over the pricing and sale of products

notwithstanding that no such controls are currently implemented under the existing PRC laws and regulations. If the Honour Field Group's activities should become subject to any form of negative governmental control, there could be a material adverse effect on the Enlarged Group's business and operating results and its profits may be adversely affected.

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is developing generally at a faster pace than its legal system, some degree of uncertainty exists in the application of the existing laws and regulations to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at the experimental stage and are therefore subject to policy changes. Furthermore, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and court decisions in the PRC are not binding on lower courts. Accordingly, the outcome of dispute resolutions may not be as consistent or predictable as in the other more developed jurisdictions. It may also be difficult to obtain swift and equitable enforcement of the laws in the PRC or the enforcement of a judgment by a court of another jurisdiction.

The Enlarged Group recognises that doing business in the PRC entails certain ambiguities and risks. The lack of consistency and predictability in the outcome of dispute resolutions, the lack of certainty in the interpretation, implementation and enforcement of the PRC laws and regulations and political system, may affect the Enlarged Group's business and profitability.

Legal considerations

Since 1979, many laws and regulations dealing with economic matters with respect to general and foreign investments have been promulgated in the PRC. In 1982, the PRC National People's Congress amended the constitution to attract foreign investments and to safeguard the "lawful rights and interests" of foreign investors in the PRC. Since then, the trend of legislation has been to enhance the protection afforded to foreign investors and to allow more active control by foreign investors of foreign investment enterprises in the PRC. However, despite significant improvements in its legal system, there still exist difficulties in obtaining swift and equitable enforcement and in obtaining enforcement of judgments by a court of another jurisdiction in the PRC. Further, as a result of political changes, the interpretation of statutes and regulations may be subject to PRC government policies. Such uncertainties may affect the Enlarged Group's operations and accordingly, its profitability.

The following uncertainties, in particular, may affect the Enlarged Group's business, operations and profitability:

- (a) substantial uncertainty and unpredictability regarding the interpretation, application and enforcement of PRC laws and regulations;
- (b) new laws, governmental policies and internal rules are promulgated in broad principles and the PRC government has gradually laid down implementation rules and has continued to refine and modify such rules and regulations. As the system develops, the promulgation of new laws or the refinement or modification of existing laws may affect foreign investors and the business, operations and profitability of the Enlarged Group;
- (c) new laws, PRC governmental policies and internal rules may be applied retrospectively;
- (d) there may be a requirement to obtain new licences, permits or approvals and there is no guarantee that such licences, permits or approvals may be obtained;
- (e) the PRC government has broad discretion in dealing with violations of law and regulations, including levying fines, revoking business and other licences and requiring actions necessary for compliance;
- (f) the PRC legal system is based in part on governmental policies and internal rules (some of which are not published on a timely basis or at all); and

- (g) the PRC's legal system is a civil law system which is based on statutory law. Prior legal decisions and judgments may be cited for reference but have little precedential value.

Economic considerations

The PRC has a long history of pre-planned economic policy and is subject to annual, five and ten year plans formulated by the PRC government. In recent years, the PRC government has introduced various economic reforms aimed at transforming the PRC economy from a planned economy into a market economy with socialist characteristics. These economic reforms allow greater utilisation of market forces in the allocation of resources and greater autonomy for enterprises in their operations. However, many rules and regulations implemented by the PRC government are still at an early stage of development, and further refinements and amendments are necessary to enable the economic system to develop into a more sophisticated form. It is unclear how future economic reforms and macroeconomic measures to be adopted by the PRC government will affect the economic development of the animal feed and condiments industries in the PRC. Further, there can be no assurance that such measures will be applied consistently and effectively or that the Enlarged Group's business, operations or profitability will not be adversely affected by such reforms.

The PRC government has only recently encouraged substantial private economic activity and there can be no assurance that the PRC government's pursuit of economic reforms will be consistent or effective. However, it is considered that the PRC's admittance into the World Trade Organisation ("WTO") will encourage the PRC government to continue to pursue its current strategy of encouraging private economic activity. Many of the reforms are unprecedented or in an experimental stage and are expected to be refined and modified in order to enable the economic system to develop into a more sophisticated form. There is no assurance that the continued introduction of such reforms will not have a material and adverse effect on the business, operations or profitability of the Enlarged Group.

Furthermore, the PRC's entry into the WTO may well have an adverse effect on the Enlarged Group's business and financial performance. The New Board believes that trade tariffs and import controls of foreign goods into the PRC will be lowered or removed over time. A lowering of import tariffs and barriers will intensify competition and may force the Enlarged Group to lower the prices of its products. In the event that the Enlarged Group is forced to lower its prices, its profit margin will be reduced, and the Enlarged Group's operations and profitability will be adversely affected.

In addition, the economy of the PRC differs from the economies of most developed countries in many respects, including the amount of governmental involvement, the level of development, the growth rate, the controls on foreign exchange and allocation of resources. The economy of the PRC has experienced significant and consistent growth in the past twenty years but growth has been uneven both geographically and among various sectors of the economy. Economic growth has been accompanied by a period of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth. The PRC economy has experienced high growth over the last few years, due to political and economic liberalisation, which has led to a vastly increased levels of domestic consumer spending. However, a downturn in the performance of the PRC economy, or measures imposed by the PRC government to slow the growth rate of the PRC economy may lead to a decline in this spending which could adversely affect the financial performance of the Enlarged Group.

Political and social considerations

The PRC has been undergoing a series of political reforms since 1978. It is expected that such reforms will continue. Such reforms have in the past resulted in significant economic growth and social progress. However, there can be no assurance that any future reform policy of the PRC government will be effective.

All of the Enlarged Group's revenue will be derived from its operations in the PRC. Therefore, the Enlarged Group's business and profitability may be adversely affected by such future reforms and changes in the PRC's legal, political, economic and social conditions.

Devaluation or appreciation in the value of the Renminbi, restrictions on convertibility of the Renminbi and exchange control restrictions in the PRC

The external value of the Renminbi is subject to changes in policies of the PRC government and to international economic and political developments. The Renminbi used to be pegged to the US Dollar. The Renminbi to US Dollar exchange rate experienced volatility prior to 1994, including periods of sharp devaluation, and the PRC government was under international pressure to allow this rate to float. From 1994, the conversion of the Renminbi into foreign currencies, including US Dollars and Sterling, was based on rates set by the People's Bank of China, which were set daily based on the previous day's interbank foreign exchange market rates and current exchange rates on the world financial markets.

On 21 July 2005, the People's Bank of China reformed the Renminbi exchange rate regime by moving to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. From that date, the Renminbi was no longer pegged to the US Dollar.

The People's Bank of China will periodically adjust the Renminbi exchange rate band as necessary and, as a consequence, the Renminbi exchange rate will be more flexible than before 21 July 2005. There is therefore a risk that the fluctuations in the Renminbi exchange rate may be greater than were previously experienced and any large appreciation or devaluation of the Renminbi against the US Dollar or Sterling could have an adverse effect on the market price of the New Ordinary Shares and the distribution of the Enlarged Group's profits and dividends to Shareholders.

In addition, financial markets in many Asian countries have in the past experienced severe volatility. As a result, some Asian currencies have been subject to significant devaluation from time to time. The Enlarged Group currently sources all its raw materials from suppliers in China. The devaluation of the Renminbi may have the effect of rendering imports into China more expensive and less competitive which, in the event that the Enlarged Group resorts to overseas sources for some of its raw materials, could have an adverse effect on the Enlarged Group with regards to the cost of such raw materials.

The Honour Field Group receives the majority of its revenues in Renminbi, which is currently not a freely convertible currency. Under the current regulations on foreign exchange control in the PRC, foreign investment enterprises are allowed to distribute dividends, out of accumulated profits only as determined in accordance with accounting standards and regulations in the PRC, in foreign currencies to foreign investors through designated foreign exchange banks without the prior approval of the State Administration for Foreign Exchange ("SAFE") by complying with certain procedural requirements.

Currently, Foreign Investment Enterprises ("FIEs") are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certificates (which are required to be renewed annually), FIEs are allowed to open foreign currency accounts including "basic account" and "capital account". Currency conversion within the scope of the "basic account" (e.g. transactions of a revenue nature, etc.) can be effected without requiring the approval of the SAFE. However, the exchange of the Renminbi into foreign currencies for capital items such as direct investment, loans and security investment, is under strict control and requires the approval of SAFE. As the Honour Field Group's operations are based in the PRC and its revenues are denominated in RMB, the distribution of the Honour Field Group's profits and dividends may be adversely affected if the PRC government imposes greater controls or restrictions on the ability of the Renminbi to exchange into foreign currencies. There can be no assurance that the Honour Field Group will be able to obtain sufficient foreign exchange to pay dividends or satisfy other foreign exchange requirements in the future. Accordingly, the Enlarged Group's ability to repatriate such revenues for the distribution of dividends to its Shareholders or for funding its other business activities outside the PRC may be curtailed.

Transfer of funds to the Honour Field Group's operating subsidiary in the PRC

Honour Field is a BVI incorporated company, which acts as the holding company for LVST, the operating subsidiary of the Honour Field Group. Any transfer of funds from Honour Field to its PRC subsidiary, either as a shareholder loan or as an increase in registered capital, is subject to registration and approval of certain PRC governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approval authority. There can be no assurance that such registrations and/or approvals will be

obtained, and this could restrict the Enlarged Group's ability to respond to changing market conditions or to take advantage of acquisition opportunities.

SAFE issued a public notice in October 2005 requiring PRC residents, including both legal persons and natural persons, to register with the competent local SAFE branch before directly or indirectly establishing or controlling any company outside of China, referred to as an "offshore special purpose company", for the purpose of acquiring any assets of, or equity interest in, PRC companies and raising funds from overseas ("round-trip investment"). In addition, any PRC resident that is the shareholder of an offshore special purpose company is required to amend its SAFE registration with the local SAFE branch with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment or creation of any security interest over any assets located in China. If any PRC shareholder of any offshore special purpose company fails to make the required SAFE registration and amendment, the PRC subsidiaries of that offshore special purpose company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the offshore special purpose company. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. The shareholder of Honour Field was not related to the PRC residents who are currently interested in the Ordinary Shares and Honour Field was not established or controlled by such PRC residents when Honour Field acquired the entire registered capital of LVST. As at the date of this document, none of the PRC residents who are interested in the Ordinary Shares is a shareholder of Honour Field or the Company. Accordingly, the aforesaid regulation should not be applicable to the shareholders of the Honour Field Group. However, there is still uncertainty as to how this regulation will be further interpreted or implemented. In addition, there exists the possibility that the competent authority may issue further restrictions on acquisitions conducted by offshore company even it is not deemed to be a "round-trip investment" via an "offshore special purpose company".

New PRC Legislation

As at the date of this document, the Company had not received the specific written approval of the CSRC for the reverse takeover of Honour Field and the admission of the Enlarged Share Capital to AIM. Such non-approval prior to Admission, may, in the future, have a material adverse effect on the Enlarged Group's business, operating results, reputation and trading price of the Company's securities.

On 8 August 2006, six PRC regulatory agencies, including the CSRC, promulgated a regulation that became effective on 8 September 2006. This regulation, amongst other things, has a number of provisions that purport to require that an offshore special purpose vehicle ("SPV") formed for listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange. On 21 September 2006, the CSRC published on its official website procedures specifying documents and material required to be submitted to it by SPVs seeking CSRC approval of its overseas listings. The application of this new PRC regulation remains unclear with no consensus currently existing among the leading PRC law firms regarding the scope and applicability of the CSRC approval requirement.

If the CSRC determines that the Company is required to obtain its written approval prior to Admission, the Company may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on the Enlarged Group's operations in the PRC, limit its operating privileges in the PRC or take other actions that could have a material adverse effect on the Enlarged Group's business, financial conditions, results of operations, reputations and prospects, as well as the trading price of the New Ordinary Shares. The CSRC or other PRC regulatory agencies may also take actions requiring the Company, or making it advisable for the Company, to cease and desist the Placing before the settlement and delivery of the Placing Shares offered hereby. Consequently, if prospective investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur.

If the CRSC determines that the Company requires its approval, the Company may be unable to obtain a waiver of the CSRC approval requirements, if and when procedures are established to obtain such a waiver.

Any uncertainties and/or negative publicity regarding the CRSC approval requirement could have a material adverse effect on the trading price of the New Ordinary Shares.

Acts of God, war, terrorist attacks and contagious diseases

The Enlarged Group's business is affected by general economic conditions in the PRC and other parts of the world. Acts of God such as natural disasters and outbreaks of highly contagious diseases such as atypical pneumonia are beyond the control of the Enlarged Group and may adversely affect the economy, infrastructure and livelihood of people in the PRC and other parts of the world. The Enlarged Group's business and profitability may be adversely affected should such acts of God and/or outbreaks occur and/or continue. There can be no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations and profitability of the Enlarged Group.

Exposure to environmental liability

The PRC national and provincial environmental protection rules and regulations impose certain fees for the discharge of waste material and penalties or fines for environmental pollution. These rules and regulations also grant the relevant environmental regulatory bodies the power to order the closure of any facility which causes serious environmental problems. Although the production processes carried on at the Enlarged Group's facilities in the PRC do not discharge large amounts of pollutants into the environment, there is no guarantee that new requirements promulgated by the relevant authorities in the PRC will not disrupt the Enlarged Group's production or require the Enlarged Group to incur additional expenses in relation to environmental protection.

4. Risks associated with the Company's shares

Share price volatility and liquidity

Although the Company is applying for the Enlarged Share Capital to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the New Ordinary Shares will develop or, if developed, that it will be maintained following the Placing. AIM is a market designed primarily for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other stock exchanges. The New Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case.

The share prices of publicly quoted companies can fluctuate and be volatile and it is possible that investors may realise less than, or lose all of, their original investment. The price of shares is dependent upon a number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Enlarged Group. There can be no guarantee that the price of the Ordinary Shares or, following the Capital Reorganisation, the New Ordinary Shares will reflect their actual or potential market value or the underlying value of the Company's net assets and the price of the New Ordinary Shares may decline below the Placing Price. The Placing Price has been determined by negotiation between the Company and the Subscribers and may bear no relationship to the price of the New Ordinary Shares that will prevail in the public market.

New Ordinary Shares available for future sale

The Company is unable to predict whether substantial amounts of New Ordinary Shares will be sold in the open market especially following termination of the lock-up restrictions, the terms of which are summarised in paragraph 11.11 of Part 6 of this document. Any sales of substantial amounts of New Ordinary Shares in the open market, or the perception that such sales might occur, could materially and adversely affect the market price of the New Ordinary Shares.

Share options and warrants

The Company has issued warrants to FinnCap and Hermes, and may in the future issue further warrants and/or options to subscribe for New Ordinary Shares to certain employees, Directors, Proposed Directors,

senior management and consultants of the Enlarged Group. The exercise of such warrants and options would result in a dilution of the shareholdings of other investors.

Influence of the Seller as substantial Shareholder

On Completion, the Seller will own approximately 60.4 per cent. of the Enlarged Share Capital. Accordingly, the Seller will be in a position to exert significant influence over the outcome of matters pertaining to the Enlarged Group, including the appointment of the Enlarged Group's board of directors and the approval of significant change of control transactions. In addition, this control may have the effect of making certain transactions more difficult without the support of the Seller and may have the effect of delaying or preventing an acquisition or other change in control of the Enlarged Group.

The City Code on Takeovers and Mergers ("City Code")

It is not anticipated that the City Code will apply to the Company as it is centrally managed and controlled outside of the UK, the Isle of Man and the Channel Islands. Accordingly, the Company's shareholders will not benefit from the protections afforded to companies which are subject to the City Code. However, the Company has incorporated certain of the Shareholder protections from the City Code into its Articles of Association. See the description of the Articles of Association at paragraph 6 of Part 6, and the explanation in Appendix II of this document.

Forward-looking statements

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, contained in this document, including statements regarding the Enlarged Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The Enlarged Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Enlarged Group which are described in this Part 2 and elsewhere in this document. Investors are urged to read this entire document carefully before making an investment decision. The forward-looking statements in this document are based on the relevant Directors' and Proposed Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors and Proposed Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Enlarged Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks that the Directors and Proposed Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Enlarged Group.

If any of the risks referred to in this Part 2 crystallise, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

PART 3

FINANCIAL INFORMATION ON THE COMPANY

Accountants' Report on the Company



The Directors and Proposed Directors
Ninety Plc
17 Hanover Square
London W1S 1HU

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

The Directors
FinnCap
4 Coleman Street
London EC2R 5TA

4 September 2008

Dear Sirs

Ninety Plc

We report on the financial information set out below which has been prepared for inclusion in the AIM Admission Document (the 'Document') dated 4 September 2008 of Ninety Plc (the 'Company') on the basis of the Company's accounting policies. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the Company as described in the 'Basis of Preparation' set out below and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information on the Company gives for the purposes of the Document dated 4 September 2008 a true and fair view of the state of affairs of the Group as at the dates stated in accordance with the basis of preparation set out below and in accordance with applicable International Financial

Reporting Standards and has been prepared in a form that is consistent with the accounting policies to be adopted by the Company.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Mazars LLP

Chartered Accountants

Income Statement

Set out below is the Company's income statement for the eight and a half month period ended 29 February 2008

	<i>Notes</i>	<i>Period ended 29 February 2008 £'000</i>
Income		–
Administrative expenses		(70)
Operating loss	5	<u>(70)</u>
Interest receivable		53
Loss on ordinary activities before taxation		<u>(17)</u>
Taxation	8	–
Loss attributable to equity Shareholders of the Company		<u>(17)</u>
Loss per ordinary share (pence)		
– Basic	9	<u>(0.008)</u>
– Diluted	9	<u>(0.008)</u>

Consolidated statement of changes in equity

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Share based payment reserve £'000</i>	<i>Accumulated loss £'000</i>	<i>Total £'000</i>
Loss the period	–	–	–	(17)	(17)
Issue of new ordinary shares	375	2,875	–	–	3,250
Share issue costs	–	(216)	32	–	(184)
Balance at 29 February 2008	375	2,659	32	(17)	3,049

Balance Sheet

Set out below is the Company's balance sheet at 29 February 2008

	<i>Notes</i>	<i>29 February 2008 £'000</i>
ASSETS		
Current assets		
Trade and other receivables	10	31
Cash and cash equivalents		<u>3,057</u>
Total assets		<u><u>3,088</u></u>
LIABILITIES		
Current liabilities		
Trade and other payables	11	<u>39</u>
Total liabilities		<u>39</u>
EQUITY		
Called up share capital	12	375
Share premium	13	2,659
Share-based payment reserve	14	32
Accumulated loss		<u>(17)</u>
Shareholders' equity		<u>3,049</u>
Total equity and liabilities		<u><u>3,088</u></u>

Cash flow Statement

Set out below is the Company's cash flow statement for the eight and a half month period to 29 February 2008

	<i>29 February 2008 £'000</i>
Net cash used in operating activities	<u>(62)</u>
Investing activities	
Interest received	<u>53</u>
Net cash from investing activities	<u>53</u>
Financing activities	
Proceeds from issue of ordinary share capital	3,250
Share issue costs	<u>(184)</u>
Net cash from financing activities	<u>3,066</u>
Net increase in cash and cash equivalents	3,057
Cash and cash equivalents at beginning of period	<u>–</u>
Cash and cash equivalents at end of period	<u>3,057</u>

Notes to the financial information

1. Business of the Company

The Company was incorporated in England and Wales on 15 June 2007. The principal activities of the Company are intended to be to acquire a controlling interest in a company, partnership or joint venture in the UK or Asia. The principal place of business is 53 Davies Street, London, W1K 5JH. The registered office of the Company is 17 Hanover Square, London, W1S 1HU.

2. Statement of accounting policies

Basis of preparation

The financial information for the eight and a half months ended 29 February 2008 has been prepared using accounting policies consistent with International Financial Reporting Standards.

Significant accounting policies

The financial information has been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and other financial institutions and investments in money market instruments.

Financial instruments

Initial recognition and measurement

Financial instruments are recognised when the Company becomes party to the transaction. Initial measurement is at cost, which includes transaction cost, or fair value. Subsequent to initial recognition, these instruments are measured as follows:

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade and other payables are recognised at fair value, which is the agreed market price at the time the goods and services are provided. The Company accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent

that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is possible that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share based payments

The cost of equity-settled transactions is measured by reference to the fair value at the date at which shares are granted. Fair value, in the case of share options issued, is measured using the Black-Scholes pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant grantees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the grantee as measured at the date of modification.

Where an equity settled award does not meet the vesting conditions, the expense recognised in the income statement is reversed, as if it had not vested, on the date of cancellation. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount of its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

IFRS issued but not yet effective

The Company has not adopted the following standards in the preparation of financial statements as they are either not effective as at 29 February 2008 or not applicable to the Company's business:

IFRS 2	Share based payment – amendment relating to vesting conditions and cancellations Revised 2008	Annual periods beginning on or after 1 January 2009
IFRS 3	Business Combinations – Comprehensive revision on applying the acquisition method Revised 2008	Annual periods beginning on or after 1 July 2009
IFRS 8	Operating Segments Original Issuance 2006	Annual periods beginning on or after 1 January 2009
IAS 1	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income 2007	Annual periods beginning on or after 1 January 2009
IAS 1	Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation 2008	Annual periods beginning on or after 1 January 2009
IAS 23	Borrowing Costs – Comprehensive revision to prohibit immediate expensing 2005	Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009
IAS 27	Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3 2008	Annual periods beginning on or after 1 July 2009
IAS 27	Investments in Associates – Consequential amendments arising from amendments to IFRS 3 2008	Annual periods beginning on or after 1 July 2009
IAS 31	Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 2008	Annual periods beginning on or after 1 July 2009
IAS 32	Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation 2008	Annual periods beginning on or after 1 January 2009
IFRIC 8	Scope of IFRS 2	Period commencing on or after 1 May 2006
IFRIC 9	Reassessment of Embedded Derivatives	Period commencing on or after 1 June 2006
IFRIC 11	IFRS 2: Group and Treasury Share Transactions	Annual periods beginning on or after 1 March 2007
IFRIC 12	Service Concession Arrangements	Annual periods beginning on or after 1 January 2008

IFRIC 13	Customer Loyalty Programmes	Annual periods beginning on or after 1 July 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Requirements and their Interaction Annual periods beginning on or after 1 January 2008

The Company is still evaluating the impact that these standards will have on the Company's financial statements, if any, but expect that there will be no material impact when implemented.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will be by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial information.

Share based payments

The Company has entered into an option agreement whereby options have been granted to subscribe for the shares in the Company in part consideration for professional fees. The weighted average fair value of the options granted was determined using the Black-Scholes valuation method which included judgements on inputs for volatility and the risk free interest rate. Changes to these inputs would increase or decrease the charge to the income statement for share based payments but such changes are not considered to be material in the context of the Company's results or financial position.

4. Financial risk management objective and policies

The overall financial risk management objective is to ensure that the Company enhances shareholders' value. The Company establishes and operates within financial risk management policies approved by the Board of Directors to ensure that adequate financial resources are available for the development of the business whilst managing these risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to financial risk management policies.

a. Foreign exchange risk

The Company is not currently exposed to foreign exchange risk and currently does not have a foreign currency hedging policy.

b. Credit risk

The Company has no significant concentrations of credit risk.

c. Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent from market interest rates.

d. Fair values

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the financial statements approximate to their respective fair values.

5. Operating loss

<i>Operating loss is stated after charging:</i>	<i>29 February 2008</i>
	<i>£'000</i>
Auditors' remuneration for audit services	6
Staff costs	25
	<hr/>

6. Segmental information

The Directors consider that the Company has only one reportable segment and the results and financial position of the segment is as disclosed in the financial statements.

7. Staff costs

The average number of employees (including Executive Directors) was:

	<i>Period ended</i>
	<i>29 February 2008</i>
	<i>Number</i>
Operational	–
Office administration	–
Management	2

Their aggregate remuneration comprised:

	<i>£'000</i>
Wages and salaries	23
Social security costs	2
	<hr/>
	25
	<hr/>

8. Taxation

	<i>29 February 2008</i>
	<i>£'000</i>
Current tax	–
	<hr/>
	–
	<hr/>

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	<i>29 February 2008</i>
	<i>£'000</i>
Loss before tax	(17)
Tax calculated at domestic tax rates applicable to loss before tax (19%)	3
Tax losses for which no deferred income tax asset was recognised	(3)
Tax charge	<u>—</u>

9. Loss per share

The calculation of the loss per ordinary share is based on the loss on ordinary activities after taxation for the period and on the weighted average number of ordinary shares in issue during the period.

A reconciliation of the loss and weighted average number of shares used in the calculation are set out in the table below.

	<i>8.5 months ended 29 February 2008</i>		
		<i>Weighted</i>	
	<i>Loss</i>	<i>average</i>	<i>Loss</i>
	<i>£</i>	<i>number of</i>	<i>per share</i>
		<i>shares</i>	<i>(pence)</i>
Basic and diluted loss per ordinary share	<u>(17,152)</u>	<u>205,639,016</u>	<u>(0.008)</u>

The weighted average number of potential ordinary shares is 2,834,615. Potential ordinary shares resulting from the exercise of share options have an anti-dilutive effect.

10. Trade and other receivables

	<i>29 February</i>
	<i>2008</i>
	<i>£'000</i>
Prepayments and accrued income	31
	<u>31</u>

11. Trade and other payables

	<i>29 February</i>
	<i>2008</i>
	<i>£'000</i>
Trade payables	2
Other taxes and social security costs	8
Other creditors	18
Accruals and deferred income	11
	<u>39</u>

12. Share capital

29 February 2008
£'000

Authorised

500,000,000 ordinary shares of 0.1p each

500

Allotted, called up and fully paid

375,000,000 ordinary shares of 0.1p each

375

The Company was incorporated on 15 June 2007 with an authorised share capital of £50,000 divided into 5,000,000 ordinary shares of 1p each.

Following written resolutions dated 26 July 2007, the authorised share capital of the Company was increased to £500,000 and sub-divided so that the authorised share capital was 500,000,000 ordinary shares of 0.1p each.

On incorporation, the Company allotted and issued 20 ordinary shares of 0.1p each at par.

On 26 July 2007, the Company allotted and issued 55,000,000 ordinary shares of 0.1p each for a total cash consideration of £55,000.

On 24 October 2007, the Company allotted and issued 319,500,000 ordinary shares of 0.1p each for a total cash consideration after expenses of £3,066,000.

13. Share premium account

The share premium account at 29 February 2008 arose from the issue of 319,500,000 shares at a premium of 0.9p per share on 24 October 2007 as described in note 11 above and costs relating to the issue of shares of £216,000.

14. Share based payments

On 19 October 2007, the Company entered into an option agreement with JM Finn Capital Markets Limited ("FinnCap") whereby the Company agreed to grant FinnCap an option to subscribe for shares in the Company as part consideration for corporate finance fees relating to the Company's admission to AIM. The option entitles FinnCap to subscribe for 5,500,000 Ordinary Shares of 0.1 pence at an exercise price of 1.0 pence per share. The options have a contractual terms of five years. The Company has recognised a charge to the share premium account of £32,450 in respect of the share options granted to JM Finn in accordance with IFRS 2, Share-based Payment.

The weighted average fair value of options granted during the period was determined using the Black-Scholes valuation model. The significant inputs in to the model were:

Share price at grant date	1.0 pence
Exercise price	1.0 pence
Volatility	63%
Option life	5 years
Dividend yield	–
Risk free interest rate	5.75%

The volatility is measured using other similar companies in similar industry sectors

15. Deferred tax

Deferred income tax assets of £3,000 arising from carried forward tax losses have not been recognised due to the uncertainty of future taxable profits within the Company.

16. Ultimate parental undertaking

At 29 February 2008 the Company's ultimate parent undertaking is Albany Capital Plc, a company incorporated in the United Kingdom. Albany Capital Plc owns 71.99 per cent. of the Company's issued ordinary share capital.

17. Related party transactions

The following transactions were carried out with related parties:

	2008 £'000
<i>Directors</i>	
Aggregate emoluments	26

18. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	<i>Loans and receivables</i> £'000	<i>Total</i> £'000
Assets as per balance sheet		
Trade and other receivables	31	31
Cash and cash equivalents	3,057	3,057
Total	<u>3,088</u>	<u>3,088</u>
	<i>Liabilities at fair value through the profit and loss</i> £'000	<i>Total</i> £'000
Liabilities as per balance sheet		
Trade and other payables	39	39
Total	<u>39</u>	<u>39</u>

19. Subsequent events

On 4 September 2008, the Company entered into an acquisition agreement to acquire the entire issued share capital of Honour Field International Limited for consideration of up to £20.12 million, together with certain related agreements set out in the Document.

20. Nature of financial information

The financial information above does not constitute statutory accounts for the Company for the period under review.

PART 4

FINANCIAL INFORMATION ON HONOUR FIELD AND ON LVST

Part 4 (a) Accountants' report on Honour Field



The Directors and Proposed Directors
Ninety Plc
17 Hanover Square
London W1S 1HU

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

The Directors
FinnCap
4 Coleman Street
London EC2R 5TA

4 September 2008

Dear Sirs

We report on the financial information on Honour Field International Limited ("Honour Field") which has been prepared for the purpose of its inclusion in the AIM Admission Document dated 4 September 2008 (the "Admission Document") of Ninety Plc ("the Company") on the basis of the accounting policies set out in note 2 to the financial information. Honour Field is a holding company of LVST. This report is required by paragraph (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Save for any responsibility arising under the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the AIM Rules, consenting to its inclusion in the Admission Document dated 4 September 2008 of the Company.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Commission.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the consolidated financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the

financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Admission Document dated 4 September 2008, a true and fair view of the state of affairs of Honour Field as at the date stated and of its balance sheet and cash flows for the period then ended in accordance with the basis of preparation set out in note 2 to the financial information and in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Mazars LLP

BALANCE SHEET

The balance sheet of Honour Field as at 31 December 2007 is stated below:

	<i>31 December</i> <i>2007</i> <i>US\$'000</i>
Assets	
Current assets	
Cash and cash equivalents	—
	—
	—
	—
Total assets	—
Equity and liabilities	
Capital and reserves	
Share capital	—
Reserves	—
Total equity attributable to equity holders	—
Current liabilities	
Other payables	—
Total current liabilities	—
Total equity and liabilities	—

CASH FLOW STATEMENT

The statement of cash flows of Honour Field for the period ended 31 December 2007 is as follows:

	<i>Period ended 31 December 2007 US\$'000</i>
Cash flow from financing activities	
Proceeds from issue of share capital	—
Net cash from financing activities	—
	<hr/>
	—
	<hr/>
Net increase in cash and cash equivalents	
Cash and cash equivalents at beginning of period	—
	<hr/>
Cash and cash equivalents at end of period	—
	<hr/>

NOTES TO THE FINANCIAL INFORMATION

1. General information

Honour Field was incorporated in the British Virgin Islands as a company limited by shares on 3 July 2007. Honour Field did not trade during the period under review and the registered office is at 3/F, 46 Lyndhurst Terrace, Central, Hong Kong.

2. Accounting policies

Basis of preparation

The financial information has been prepared and presented in accordance with International Financial Reporting Standards as adopted by in the European Union. Honour Field has not applied the following IFRS that is applicable and that has been issued but is not yet effective.

IAS 32, Financial Instruments: Presentation, revised 2008 (effective 1 January 2009)

Comparative figures

No comparative figures have been presented as the financial information covers the period from incorporation on 3 July 2007 to 31 December 2007.

Cash and cash equivalents

Honour Field considers cash on short-term deposits and other short term investments to be cash equivalents.

3. Reconciliation of movement in shareholders' equity

	<i>Ordinary Shares of US\$1.00 each</i>
Issued on incorporation	1
Balance at 31 December 2007	<u>1</u>

4. Share capital

Honour Field issued one share of US\$1.00 each on incorporation on 3 July 2007 for a cash consideration of US\$1.

5. Subsequent events

On 21 April 2008, Honour Field entered into an agreement with Mr. Wang Yan Ting to acquire the entire issued Share Capital of Linyi Van Science and Technique Co., Ltd for a consideration of RMB47,194,712.06

On 28 June 2008 Honour Field entered into convertible loan agreements with Albany Capital plc ("Albany") and Hermes Capital Limited ("Hermes") under which Albany and Hermes loaned sums of £2,000,000 and £1,000,000, respectively, to Honour Field. The loans are subject to interest at 15 per cent. per annum and are convertible into shares in Honour Field upon the occurrence of a liquidity event, including a reverse takeover.

6. Nature of financial information

The financial information presented above does not constitute statutory accounts for the period under review.

Part 4 (b) Accountants' Report on LVST



The Directors and Proposed Directors
Ninety Plc
17 Hanover Square
London W1S 1HU

The Directors
FinnCap
4 Coleman Street
London EC2R 5TA

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

4 September 2008

Dear Sirs

We report on the financial information set out below on Linyi Van Science and Technique Co., Ltd ("LVST") ('the Financial Information') which has been prepared for inclusion in the AIM admission Document ('the Document') dated 4 September 2008 of Ninety Plc ("the Company") on the basis of the principal accounting policies set out in Note 2 to the Financial Information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information on the basis set out below and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information underlying the financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the Financial Information gives, for the purposes of the Document dated 4 September 2008, a true and fair view of the state of affairs of LVST as at the dates stated and of its profits and cash flows for the periods then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Mazars LLP

Chartered Accountants

Balance Sheets

The balance sheets of LVST at 31 December 2005, 31 December 2006, 31 December 2007 and at 30 June 2008 are set out below:

		<i>As at 31 December</i>			<i>As at</i>
		<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets					
Property, plant and equipment	12	60,718	55,972	53,455	51,298
Prepaid land lease payments	13	3,994	3,909	18,920	18,727
		<u>64,712</u>	<u>59,881</u>	<u>72,375</u>	<u>70,025</u>
Current assets					
Inventories	14	4,855	8,864	10,215	4,737
Trade receivables	15	9,529	13,003	16,143	19,525
Prepayments, deposits and other receivables		109	15,442	54	5,837
Pledged bank deposits	16	–	3,000	–	–
Bank and cash balances	16	13,042	23,019	53,342	25,554
		<u>27,535</u>	<u>63,328</u>	<u>79,754</u>	<u>55,653</u>
Total assets		<u>92,247</u>	<u>123,209</u>	<u>152,129</u>	<u>125,678</u>
Current liabilities					
Trade payables		9,955	1,217	5,648	4,775
Advanced payments		1,093	1,069	1,547	2,178
Accruals and other payables		326	416	623	730
Due to shareholders	17	12,968	10,697	10,697	–
Current portion of interest-bearing borrowings	18	14,000	30,650	27,700	23,600
Current tax (liabilities)/assets		(2,239)	(61)	2,706	3,652
		<u>36,103</u>	<u>43,988</u>	<u>48,921</u>	<u>34,935</u>
Total assets less current liabilities		<u>56,144</u>	<u>79,221</u>	<u>103,208</u>	<u>90,743</u>
Capital and reserves					
Registered capital	19	10,580	10,580	10,580	10,580
Reserves	20	45,564	68,641	92,628	80,163
Equity attributable to equity holders		<u>56,144</u>	<u>79,221</u>	<u>103,208</u>	<u>90,743</u>

Income statements

The income statements of LVST for each of the three years ended 31 December 2007 and for the six month period ended 30 June 2008 are set out below:

	Notes	Year ended 31 December			Six months ended
		2005	2006	2007	30 June
		RMB'000	RMB'000	RMB'000	RMB'000
Turnover	4	109,813	158,036	177,111	101,090
Cost of sales		(85,845)	(116,848)	(119,478)	(63,630)
Gross profit		23,968	41,188	57,633	37,460
Other income	6	49	203	389	83
Distribution and selling expenses		(1,097)	(2,771)	(3,325)	(1,174)
Administrative expenses		(2,673)	(3,586)	(4,502)	(3,651)
Other operating expenses		–	(44)	–	–
Profit from operations		20,247	34,990	50,195	32,718
Finance costs	7	(2,378)	(2,913)	(3,387)	(1,732)
Profit before tax		17,869	32,077	46,808	30,986
Income tax expense	9	–	–	(7,821)	(3,873)
Profit for the period	10	17,869	32,077	38,987	27,113
Attributable to:					
Equity holders		17,869	32,077	38,987	27,113

Statement of Changes in Equity

	Registered capital	Statutory reserve	Capital reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2005	10,580	–	27,695	–	38,275
Profit for the year	–	–	–	17,869	17,869
Transfer to statutory reserve	–	1,876	–	(1,876)	–
At 31 December 2005	10,580	1,876	27,695	15,993	56,144
Profit for the period	–	–	–	32,077	32,077
Transfer to statutory reserve	–	3,061	–	(3,061)	–
Dividend paid	–	–	–	(9,000)	(9,000)
At 31 December 2006	10,580	4,937	27,695	36,009	79,221
Profit for the year	–	–	–	38,987	38,987
Transfer to statutory reserve	–	–	–	–	–
Dividend paid	–	–	–	(15,000)	(15,000)
At 31 December 2007	10,580	4,937	27,695	59,996	103,208
Profit for the period	–	–	–	27,113	27,113
Transfer to statutory reserve	–	–	–	–	–
Dividend paid	–	–	–	(39,578)	(39,578)
At 30 June 2008	10,580	4,937	27,695	47,531	90,743

Cash flow statements

The cash flow statements of LVST for each of the three years ended 31 December 2007 and for the six month period ended 30 June 2008 are set out below:

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Profit for the period before tax	17,869	32,077	46,808	30,986
<i>Adjustments for:</i>				
Amortisation of prepaid land lease payments	70	85	85	193
Pre-operating expenses	254	–	–	–
Depreciation	3,541	4,791	4,872	2,457
Interest income	(32)	(184)	(387)	(83)
Interest expenses	1,191	2,913	2,659	1,532
Losses on disposal of property, plant and equipment	–	44	–	–
Operating profit before working capital changes	22,893	39,726	54,037	35,085
Payment in advance	1,093	(24)	478	631
Increase in trade receivables	(9,639)	(3,712)	(2,847)	(3,398)
Increase in inventories	(4,764)	(4,009)	(1,351)	5,479
Increase/(decrease) in amounts due to shareholders	(8,538)	(2,272)	–	(10,697)
Increase/(decrease) in trade payables	9,955	(8,738)	4,430	(872)
Increase in other payables	80	89	158	77
Increase/(decrease) in tax payables	(2,239)	2,178	2,767	945
Increase/(decrease) in wages payables	246	2	49	29
Cash generated from operations	9,087	23,240	57,721	27,279
Tax paid	–	–	(7,821)	(3,873)
Net cash from operating activities	9,087	23,240	49,900	23,406

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to prepaid land lease payments	–	(15,095)	–	(5,302)
Proceeds from disposal of property, plant and equipment	–	(4)	–	–
Purchases of property, plant and equipment	(3,959)	(93)	(2,356)	(765)
Net cash used in investing activities	(3,959)	(15,184)	(2,356)	(6,067)
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank and other loans raised	22,000	43,900	43,250	4,750
Repayment of bank and other loans	(13,000)	(27,250)	(46,200)	(8,850)
Dividend	–	(9,000)	(15,000)	(39,578)
Interest expenses	(1,191)	(2,913)	(2,659)	(1,532)
Interest income	32	184	388	83
Net cash from/(used in) financing activities	7,841	4,921	(20,221)	(45,127)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,969	12,977	27,323	(27,788)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	73	13,042	26,019	53,342
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,042	26,019	53,342	25,554
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	13,042	23,019	53,342	25,554
Pledged bank deposits	–	3,000	–	–
	13,042	26,019	53,342	25,554

Notes to the Financial Information

1. General information and principal activities

LVST was incorporated on 17 July 2001 as a private limited company under the laws of the PRC. The registered office is West Shuangyue Road, Gaoxin District, Linyi City, Shandong Province, PRC and LVST is domiciled in the PRC.

The principal activities of LVST are the manufacture and sale of food preservatives.

The financial information has been presented in Renminbi ('RMB') and rounded to the nearest thousand.

2. Significant accounting policies

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS') and on the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event of actions, results ultimately may differ from those estimates. The directors have reviewed the accounting policies set out below and consider them to be the most appropriate to the company's business activities.

Key assumptions and sources of estimation

LVST makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income tax

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. LVST recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Inventories

The management of LVST reviews an ageing analysis at each balance sheet date and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods and work-in progress based primarily on the latest invoice prices and current market conditions. LVST carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of LVST's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in RMB, which is LVST's functional currency.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to LVST and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives of property, plant and equipment are as follows:

	<i>Annual depreciation Rate</i>	<i>Residual Value</i>
Buildings	4.75%	5%
Plant and machinery	8%	5%
Office equipment and fixtures	19%	5%
Motor vehicles	19%	5%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

Prepaid land lease payments

Prepaid land lease payments comprise land use rights which are capitalised and stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight line basis over the term of the rights.

Construction in progress

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised and derecognised on a trade date basis where the purchase or sale of the instrument is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that LVST will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of LVST's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of LVST after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless LVST has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by LVST are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to LVST and the amount of revenue can be measured reliably.

Revenue from the sales of manufactured goods and trading of raw material are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

Employee leave entitlements

(i) Pension obligations

LVST contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by LVST and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by LVST to the scheme.

(ii) Termination benefits

Termination benefits are recognised when, and only when, LVST demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. LVST's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where LVST is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and LVST intends to settle its current tax assets and liabilities on a net basis.

Related parties

A party is related to LVST if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, LVST; has an interest in LVST that gives it significant influence over LVST; or has joint control over LVST;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of LVST or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of LVST, or of any entity that is a related party of LVST.

Impairment of assets

At each balance sheet date, LVST reviews the carrying amounts of its tangible and intangible assets, including goodwill, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, LVST estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when LVST has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits

will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. Financial risk management objective and policies

The main areas of financial risks faced by LVST are foreign exchange risk, credit risk, liquidity risk and fair values. The overall financial risk management objective is to ensure that LVST enhances shareholders' value. LVST establishes and operates within financial risk management policies approved by the Board of Directors to ensure that adequate financial resources are available for the development of LVST's businesses whilst managing these risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to LVST's financial risk management policies.

(a) Foreign exchange risk

LVST is exposed to foreign exchange risk in sales which are mainly carried out in Renminbi ('RMB') and ('US\$'). LVST currently does not have a foreign currency hedging policy.

(b) Credit risk

LVST has no significant concentrations of credit risk. It has policies in place to ensure that sales are only made to customers with an appropriate credit history.

(c) Liquidity risk

LVST's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As LVST has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

(d) Fair values

The carrying amounts of LVST's financial assets and financial liabilities as reflected in the financial statements approximate to their respective fair values.

4. Turnover

	Year ended 31 December			Six months
	2005	2006	2007	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of Sorbic Acid	51,736	77,704	72,588	40,039
Sale of Potassium Sorbate	58,077	80,332	104,523	61,051
	<u>109,813</u>	<u>158,036</u>	<u>177,111</u>	<u>101,090</u>

5. Segmental information

The Company derives its revenue from the manufacture and sale of food preservatives, its only business segment.

Revenue for all periods presented was to external customers based in the PRC and overseas. The Company's operations are based in the PRC.

During the period under review turnover was generated from customers in the following territories:

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
PRC	54,339	78,962	92,550	53,858
United States	37,211	42,639	41,016	22,862
Russia	11,879	14,057	21,546	11,392
Netherlands	4,279	16,243	15,010	7,477
Others	2,105	6,135	6,989	5,501
	<u>109,813</u>	<u>158,036</u>	<u>177,111</u>	<u>101,090</u>

6. Other income

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Interest income	32	184	387	83
Others	17	19	2	–
	<u>49</u>	<u>203</u>	<u>389</u>	<u>83</u>

7. Finance costs

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Interest on shareholders' loan	1,187	–	728	209
Interest on bank loans and overdrafts	1,191	2,913	2,659	1,523
	<u>2,378</u>	<u>2,913</u>	<u>3,387</u>	<u>1,732</u>

8. Staff costs

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Directors remuneration:				
– Fees as directors	77	262	264	28
– For management	600	423	45	421
– Other emoluments	–	199	210	–
– Pension costs	4	17	21	3
	<u>681</u>	<u>901</u>	<u>948</u>	<u>452</u>

Staff costs, including directors' remuneration:

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Wages and salaries	2,826	3,584	4,218	1,859
Social security costs	–	271	302	170
Pension costs	263	420	498	282
	<u>3,089</u>	<u>4,275</u>	<u>5,018</u>	<u>2,311</u>

Average number of persons employed, including directors:

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>2008</i>
				<i>No.</i>
Management	15	15	15	13
Sales	8	8	8	8
Administration	250	248	241	241
	<u>273</u>	<u>271</u>	<u>264</u>	<u>262</u>

9. Income Tax expense

	<i>Year ended 31 December</i>			<i>Six months</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Profit before tax (audited)	17,869	32,077	46,808	30,986
Tax on profit at standard rate (33%, 2008: 25%)	5,897	10,585	15,447	7,746
Non-deductible expenditure	–	–	97	–
Tax effect of exempt income	(5,897)	(10,585)	(7,723)	(3,873)
Current tax charge	<u>–</u>	<u>–</u>	<u>7,821</u>	<u>3,873</u>
Effective tax rate	<u>–</u>	<u>–</u>	<u>16.7%</u>	<u>12.5%</u>

The tax charge on profits assessable has been calculated at the rates of tax prevailing in the countries in which LVST operates, based on existing legislation, interpretation and practices in respect thereof.

LVST is entitled to an exemption from Enterprise Income Tax ("ETI") for two years starting from the first-profit making year followed by a 50 per cent. tax relief for the next three years.

There was no material unprovided deferred tax as at each of the period ends.

10. Profit for the period

LVST's profit for the period is stated after charging the following:

	Year ended 31 December			Six months
	2005	2006	2007	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	3,541	4,791	4,872	2,457
<i>Directors' emoluments</i>				
– As directors	81	478	495	31
– For management	600	423	453	421
Loss on disposals of property, plant and equipment	–	44	–	–
Cost of inventories sold	85,845	116,848	119,478	63,630
Exchange losses	297	462	850	885
Amortisation of prepaid land lease payments	70	85	85	193
<i>Staff costs:</i>				
– Salaries, bonus and allowances	2,550	3,249	5,799	1,461
– Retirement benefits scheme contributions	263	420	498	368
Exchange difference	297	462	851	885

11. Retirement benefit schemes

LVST is required to participate in the employee pension schemes operated by local government authorities in the PRC. The PRC government is responsible for the pension liabilities to the employee pension scheme. LVST is required to make contributions for those employees who are registered as permanent residents in the PRC and are within the scope of the relevant PRC regulations at rates ranging from 19 per cent. to 20 per cent. of the employees' salaries for each of the three years ended 31 December 2007 and the six month period ended 30 June 2008.

12. Property, plant and equipment

	Buildings	Plant and machinery	Office	Motor vehicles	Construction in progress	Total
			equipment and fixtures			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2005	21,705	36,172	107	315	–	58,299
Additions	848	9,296	60	4	–	10,208
At 31 December 2005	<u>22,553</u>	<u>45,468</u>	<u>167</u>	<u>319</u>	<u>–</u>	<u>68,507</u>
Additions	–	–	14	79	–	93
Disposals	–	(62)	–	–	–	(62)
At 31 December 2006	<u>22,553</u>	<u>45,406</u>	<u>181</u>	<u>398</u>	<u>–</u>	<u>68,538</u>

	<i>Buildings</i> <i>RMB'000</i>	<i>Plant and</i> <i>machinery</i> <i>RMB'000</i>	<i>Office</i> <i>equipment</i> <i>and fixtures</i> <i>RMB'000</i>	<i>Motor</i> <i>vehicles</i> <i>RMB'000</i>	<i>Construction</i> <i>in progress</i> <i>RMB'000</i>	<i>Total</i> <i>RMB'000</i>
Additions	–	375	453	–	1,527	2,355
At 31 December 2007	<u>22,553</u>	<u>45,781</u>	<u>634</u>	<u>398</u>	<u>1,527</u>	<u>70,893</u>
Accumulated depreciation						
At 1 January 2005	1,302	2,819	26	101	–	4,248
Depreciation for the year	803	2,671	22	45	–	3,541
At 31 December 2005	2,105	5,490	48	146	–	7,789
Depreciation for the year	1,083	3,588	48	72	–	4,791
Disposals	–	–	(14)	–	–	(14)
At 31 December 2006	3,188	9,078	82	218	–	12,566
Depreciation for the year	1,082	3,610	105	75	–	4,872
At 31 December 2007	<u>4,270</u>	<u>12,688</u>	<u>187</u>	<u>293</u>	<u>–</u>	<u>17,438</u>
Carrying amount						
At 31 December 2005	<u>20,448</u>	<u>39,978</u>	<u>119</u>	<u>173</u>	<u>–</u>	<u>60,718</u>
At 31 December 2006	<u>19,365</u>	<u>36,328</u>	<u>99</u>	<u>180</u>	<u>–</u>	<u>55,972</u>
At 31 December 2007	<u>18,283</u>	<u>33,093</u>	<u>447</u>	<u>105</u>	<u>1,527</u>	<u>53,455</u>
Six months ended 30 June 2008						
Cost						
At 1 January 2008	22,553	45,781	634	398	1,527	70,893
Additions	–	–	–	–	300	300
At 30 June 2008	<u>22,553</u>	<u>45,781</u>	<u>634</u>	<u>398</u>	<u>1,827</u>	<u>71,193</u>
Accumulated depreciation						
At 1 January 2008	4,270	12,689	186	293	–	17,438
Depreciation for the period	542	1,814	59	42	–	2,457
At 30 June 2008	<u>4,812</u>	<u>14,503</u>	<u>245</u>	<u>335</u>	<u>–</u>	<u>19,895</u>
Carrying amount						
At 30 June 2008	<u>17,741</u>	<u>31,278</u>	<u>389</u>	<u>63</u>	<u>1,827</u>	<u>51,298</u>

As at June 30, 2008, certain building and equipment of LVST was pledged as security for bank loans as disclosed in note 18 below. The aggregate carrying value of the pledged buildings and equipment attributable to LVST as at December 31, 2007 amounted to RMB 46,066,142 (2006: RMB 50,311,048 and 2005: 17,008,395) and as at June 30, 2008 amounted to RMB 27,886,194.

13. Prepaid land lease payments

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of period	4,064	3,994	3,909	18,920
Additions	–	–	15,096	–
Amortisation of prepaid land lease payments	(70)	(85)	(85)	(193)
At end of period	<u>3,994</u>	<u>3,909</u>	<u>18,920</u>	<u>18,727</u>

LVST's prepaid land lease payments represent payments for land use rights situated in the PRC under medium term leases.

As at December 31, 2007, LVST occupied a plot of land adjacent to the existing factory, but had not paid for nor obtained the relevant land use right certificates. Subsequent to 31 December 2007, LVST settled the cost of the land use rights at RMB 4,752,000.

As at June 30, 2008, certain land lease prepayments of LVST were pledged as security for bank loans as disclosed in note 16 below. The aggregate carrying value of the pledged land lease prepayments attributable to LVST as at December 31, 2007 amounted to RMB 3,824,575 (2006: RMB 3,909,252 and 2005: 4,008,042) and as at June 30, 2008 amounted to RMB 3,782,237 (2007: RMB 3,866,913).

14. Inventories

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	2,591	5,818	5,629	3,005
Consumables	144	212	171	200
Finished goods	2,120	2,834	4,415	1,532
	<u>4,855</u>	<u>8,864</u>	<u>10,215</u>	<u>4,737</u>

15. Trade receivables

Trade receivables are non-interest bearing and are generally on 3 months' terms.

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	9,529	13,003	16,143	19,525
Prepayments	–	15,095	–	5,767
Other receivables	109	347	54	70
	<u>9,638</u>	<u>28,445</u>	<u>16,197</u>	<u>25,362</u>

16. Pledged bank deposits and bank cash balances

Pledged bank deposits in 2006 represent deposits pledged to secure banking facilities granted to LVST. The deposits were denominated mainly in RMB and at the 2.25 per cent. per annum and the interest income was RMB 33,750:

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank and cash balances	13,042	23,019	53,342	25,554
Pledged bank deposit	–	3,000	–	–
	<u>13,042</u>	<u>26,019</u>	<u>53,342</u>	<u>25,554</u>

17. Amounts due to shareholders

The amounts due to shareholders bear interest at the rate from 4.65 per cent. to 6.26 per cent. per annum.

<i>Shareholders Loans</i>	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
WANG YAN TING (“王彦廷”)	7,240	5,242	5,242	–
ZHENG ZHI HAO (“郑志浩”)	5,728	5,455	5,455	–
	<u>12,968</u>	<u>10,697</u>	<u>10,697</u>	<u>–</u>

18. Interest-bearing borrowings

	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other bank loans	14,000	30,650	27,700	23,600
	<u>14,000</u>	<u>30,650</u>	<u>27,700</u>	<u>23,600</u>
The borrowings are repayable as follows:				
On demand or within one year	<u>14,000</u>	<u>30,650</u>	<u>27,700</u>	<u>23,600</u>

As at 31 December 2005, 31 December 2006, 31 December 2007 and 30 June 2008, bank loans of RMB 9,000,000, RMB 25,750,000, RMB 23,100,000 and RMB 19,000,000 were secured by pledges of certain buildings and equipment, bank deposits and land lease prepayments.

As at 31 December 2005, 31 December 2006, 31 December 2007 and 30 June 2008, bank loans of RMB 5,000,000, RMB 4,900,000, RMB 4,600,000 and RMB 4,600,000 respectively, were jointly guaranteed by two related companies, namely: SHAN DONG CHAO YUE DIAN LI SHE BEI Company Limited (“山东超越电力设备有限公司”) a company to which ZHENG ZHI HAO’s brother is the legal representative and LIN YI SHI HUA SHENG MAO YI Company Limited (“临沂市华升贸易有限公司”) a company to which WANG YAN TING is the legal representative.

The average annual interest rates paid during the period under review were as follows:

	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	5.58%	6.13%	7.51%	9.711%

The directors estimate the fair value of LVST’s borrowings, by discounting their future cash flows at the market rate, to be as follows:

	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other bank loans	<u>14,000</u>	<u>30,650</u>	<u>27,700</u>	<u>23,600</u>

19. Registered capital

	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Registered and fully paid:	<u>10,580</u>	<u>10,580</u>	<u>10,580</u>	<u>10,580</u>
	<u>10,580</u>	<u>10,580</u>	<u>10,580</u>	<u>10,580</u>

20. Reserves

(i) Capital reserve

Capital reserve comprises the surplus between the fair value of the net assets and the nominal value of shares issued when LVST was converted/acquired from a state-owned enterprise to a limited company

The capital reserve can only be used for conversion into share capital.

(ii) Statutory reserves

In accordance with PRC laws and regulations, domestic PRC companies are required to transfer 10 per cent. of their profit after income tax, as determined in accordance with PRC GAAP, to the statutory reserves, until the balance of the reserve reaches 50 per cent. of the registered capital of that company. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses, if any.

Domestic PRC companies are also required to transfer 5 per cent. to 10 per cent. of net profit, as determined under PRC accounting regulations, to the statutory common welfare fund. This fund can only be used to provide staff welfare facilities and other collective benefits to the employees of that company. This fund is non-distributable other than in the event of liquidation.

<i>Reserves</i>	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital reserve	27,695	27,695	27,695	27,695
Statutory reserves	1,876	4,937	4,937	4,937
Retained profits	15,993	36,009	59,996	47,531
	<u>45,564</u>	<u>68,641</u>	<u>92,628</u>	<u>80,163</u>

21. Capital commitments

LVST's capital commitments at the balance sheet date are as follows:

	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Contracted but not provided for</i>				
– construction in progress	–	–	887	600
	<u>–</u>	<u>–</u>	<u>887</u>	<u>600</u>

22. Financial instruments

(a) *Financial assets by category*

The accounting policies for financial instruments have been applied to the line items below:

	<i>As at 31 December</i>			<i>As at 30 June</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
FINANCIAL ASSETS				
Loans and receivables:				
– Trade receivables	9,529	13,003	16,143	19,525
– Prepayments, deposits and other receivables	109	15,442	54	5,837
– Pledged bank deposits	–	3,000	–	–
– Cash and cash equivalents	13,042	23,019	53,342	25,554
	<u>22,680</u>	<u>54,464</u>	<u>69,539</u>	<u>50,916</u>
Assets at fair value through the profit and loss:				
– Trade receivables	–	–	–	–
– Prepayments, deposits and other receivables	–	–	–	–
– Pledged bank deposits	–	–	–	–
– Cash and cash equivalents	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Held-to-maturity investments:				
– Trade receivables	–	–	–	–
– Prepayments, deposits and other receivables	–	–	–	–
– Pledged bank deposits	–	–	–	–
– Cash and cash equivalents	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Available-for-sale financial assets:				
– Trade receivables	–	–	–	–
– Prepayments, deposits and other receivables	–	–	–	–
– Pledged bank deposits	–	–	–	–
– Cash and cash equivalents	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total – balance sheet				
– Trade receivables	9,529	13,003	16,143	19,525
– Prepayments, deposits and other receivables	109	15,442	54	5,837
– Pledged bank deposits	–	3,000	–	–
– Cash and cash equivalents	13,042	23,019	53,342	25,554
	<u>22,680</u>	<u>54,464</u>	<u>69,539</u>	<u>50,916</u>

Trade receivables that are less than 2 months past due are not considered impaired.

The ageing analysis of trade receivables past due but not impaired is set out below. These relate to a number of independent customers for whom there is no recent history of default.

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005 <i>RMB'000</i>	2006 <i>RMB'000</i>	2007 <i>RMB'000</i>	2008 <i>RMB'000</i>
Up to 3 months	9,529	13,003	16,143	19,525
3 – 6 months	–	–	–	–
	<u>9,529</u>	<u>13,003</u>	<u>16,143</u>	<u>19,525</u>

The carrying amounts of LVST's trade and other receivables are denominated in the following currencies:

	<i>As at 31 December</i>		<i>As at 30 June</i>	
	2005 <i>RMB'000</i>	2006 <i>RMB'000</i>	2007 <i>RMB'000</i>	2008 <i>RMB'000</i>
US Dollar	6,723	6,297	7,065	8,979
Renminbi	2,915	22,148	9,132	16,383
	<u>9,638</u>	<u>28,445</u>	<u>16,197</u>	<u>25,362</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. LVST does not hold any collateral as security.

(b) ***Financial liabilities by categories:***

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005 <i>RMB'000</i>	2006 <i>RMB'000</i>	2007 <i>RMB'000</i>	2008 <i>RMB'000</i>
FINANCIAL LIABILITIES				
Financial assets at fair value through the profit and loss				
– Trade payables				
– Advanced payments	–	–	–	–
– Accruals and other payables	–	–	–	–
– Due to shareholders	–	–	–	–
– Current portion of interest-bearing borrowings	–	–	–	–
– Current tax liabilities	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005 <i>RMB'000</i>	2006 <i>RMB'000</i>	2007 <i>RMB'000</i>	2008 <i>RMB'000</i>
Other financial liabilities				
– Trade payables	9,955	1,217	5,648	4,775
– Advanced payments	1,093	1,069	1,547	2,178
– Accruals and other payables	326	416	623	730
– Due to shareholders	12,968	10,697	10,697	–
– Current portion of interest-bearing borrowings	14,000	30,650	27,700	23,600
– Current tax (liabilities)/assets	(2,239)	(61)	2,706	3,652
	<u>36,103</u>	<u>43,988</u>	<u>48,921</u>	<u>34,935</u>
Total – balance sheet				
– Trade payables	9,955	1,217	5,648	4,775
– Advanced payments	1,093	1,069	1,547	2,178
– Accruals and other payables	326	416	623	730
– Due to shareholders	12,968	10,697	10,697	–
– Current position of interest-bearing borrowings	14,000	30,650	27,700	23,600
– Current tax liabilities	(2,239)	(61)	2,706	3,652
	<u>36,103</u>	<u>43,988</u>	<u>48,921</u>	<u>34,935</u>

Bank borrowings mature within 12 months and bear average coupons ranging from 5.4 per cent. to 15.7 per cent. annually.

Bank borrowings are secured by property, plant and equipment of LVST (note 12), land lease payments (note 13) and fixed deposits (note 16).

The exposure of LVST's borrowings to interest rate changes are as follows:

	<i>As at 31 December</i>			<i>As at 30 June</i>
	2005 <i>RMB'000</i>	2006 <i>RMB'000</i>	2007 <i>RMB'000</i>	2008 <i>RMB'000</i>
6 months or less	–	13,250	3,750	23,600
6 – 12 months	14,000	17,400	23,950	–
1 – 5 years	–	–	–	–
Over 5 years	–	–	–	–
	<u>14,000</u>	<u>30,650</u>	<u>27,700</u>	<u>23,600</u>

The carrying amounts of LVST's borrowings are denominated in Renminbi.

(c) *Carrying value of financial assets and liabilities*

	<i>As at 31 December</i>			<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Carrying amount				
Trade and other receivables	9,638	28,445	16,197	25,362
Cash and cash equivalents	13,042	26,019	53,342	25,554
	<u>22,680</u>	<u>54,464</u>	<u>69,539</u>	<u>50,916</u>
– Trade and other payables	22,103	13,338	21,221	11,335
– Borrowings	14,000	30,650	27,700	23,600
	<u>36,103</u>	<u>43,988</u>	<u>48,921</u>	<u>34,935</u>
	<i>As at 31 December</i>			<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>30 June</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2008</i>
				<i>RMB'000</i>
Fair value				
Trade and other receivables	9,638	28,445	16,197	25,362
Cash and cash equivalents	13,042	26,019	53,342	25,554
	<u>22,680</u>	<u>54,464</u>	<u>69,539</u>	<u>50,916</u>
– Trade and other payables	22,103	13,338	21,221	11,335
– Borrowings	14,000	30,650	27,700	23,600
	<u>36,103</u>	<u>43,988</u>	<u>48,921</u>	<u>34,935</u>

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.5 per cent.

23. Controlling party

At 30 June 2008, LVST's ultimate parent company was Prime Mega International Limited ("Prime Mega"), a company incorporated in the British Virgin Islands. Ray Ang Wee Boon owns 100 per cent. of Prime Mega's issued share capital.

24. Financial Information

The financial information set out in this report does not constitute statutory accounts for the period under review.

Part 4 (c) Interim Results of LVST

Set out below are the audited results of LVST for the six months ended 30 June 2008, extracted without adjustment from Part 4 (b) of this document, together with the unaudited results for the comparative six month period ended 30 June 2007, extracted without adjustment from the unaudited 2007 interim results of LVST.

Balance sheets

The balance sheets of LVST at 30 June 2008 and 30 June 2007 are set out below:

	<i>As at 30 June</i>	
	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current assets		
Property, plant and equipment	55,051	51,298
Prepaid land lease payments	3,867	18,727
	58,918	70,025
Current assets		
Inventories	6,893	4,737
Trade receivables	15,554	19,525
Prepayments, deposits and other receivables	15,440	5,837
Bank and cash balances	37,613	25,554
	75,500	55,653
Total assets	134,418	125,678
Current liabilities		
Trade payables	4,625	4,775
Advanced payments	1,557	2,178
Accruals and other payables	569	730
Due to shareholders	10,697	–
Current portion of interest-bearing borrowings	31,050	23,600
Current tax liabilities	2,527	3,652
	51,024	34,935
Total assets less current liabilities	83,394	90,743
Capital and reserves		
Registered capital	10,580	10,580
Reserves	72,814	80,163
Equity attributable to equity holders	83,394	90,743

Income statements

The income statements of LVST for the six months ended 30 June 2008 and 30 June 2007 are set out below:

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Turnover	87,232	101,090
Cost of sales	(58,647)	(63,630)
Gross profit	28,585	37,460
Other income	111	83
Distribution and selling expenses	(2,072)	(1,174)
Administrative expenses	(2,293)	(3,651)
Other operating expenses	–	–
Profit from operations	24,331	32,718
Finance costs	(1,256)	(1,732)
Profit before tax	23,075	30,986
Income tax expense	(3,902)	(3,873)
Profit for the period	19,173	27,113
Attributable to:		
Equity holders	19,173	27,113

Statement of changes in equity

	<i>Registered capital RMB'000</i>	<i>Statutory reserve RMB'000</i>	<i>Capital reserve RMB'000</i>	<i>Retained profits RMB'000</i>	<i>Total equity RMB'000</i>
At 31 December 2006	10,580	4,937	27,695	36,009	79,221
Profit for the period	–	–	–	19,173	19,173
Dividend paid	–	–	–	(15,000)	(15,000)
At 30 June 2007	10,580	4,937	27,695	40,182	83,394
Profit for the period	–	–	–	19,814	19,814
At 31 December 2007	10,580	4,937	27,695	59,996	103,208
Profit for the period	–	–	–	27,113	27,113
Dividend paid	–	–	–	(39,578)	(39,578)
At 30 June 2008	10,580	4,937	27,695	47,531	90,743

Cash flow statements

The cash flow statements of LVST for the six months ended 30 June 2008 and 30 June 2007 are as follows:

	<i>Six months 30 June</i>	
	<i>2007</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Profit for the period before tax	23,075	30,986
<i>Adjustments for:</i>		
Allowance for receivables	–	(15)
Amortisation of prepaid land lease payments	42	193
Pre-operating expenses	–	–
Depreciation	2,426	2,456
Interest income	(110)	(83)
Interest expenses	1,256	1,732
Losses on disposal of property, plant and equipment	–	–
Operating profit before working capital changes	26,690	35,269
Payment in advance	487	631
Increase in trade receivables	(2,552)	(3,367)
Increase in other receivables	132	(16)
Increase in inventories	1,970	5,479
Increase/(decrease) in amounts due to shareholders	–	(10,697)
Increase/(decrease) in trade payables	3,408	(872)
Increase in other payables	122	78
Increase/(decrease) in tax payables	2,588	945
Increase/(decrease) in wages payables	52	29
Cash generated from operations	32,897	27,479
Tax paid	(3,902)	(3,873)
Net cash from operating activities	28,995	23,606

	<i>Six months 30 June</i>	
	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to prepaid land lease payments	–	(5,302)
Proceeds from disposal of property, plant and equipment	–	–
Purchases of property, plant and equipment	(1,655)	(765)
Net cash used in investing activities	(1,655)	(6,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other loans raised	24,400	4,750
Repayment of bank and other loans	(24,000)	(8,850)
Dividend	(15,000)	(39,578)
Interest expenses	(1,256)	(1,732)
Interest income	110	83
Net cash from/(used in) financing activities	(15,746)	(45,327)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,594	(27,788)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,019	53,342
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37,613	25,554

Notes to the Interim Financial Information

1. Presentation currency

The Financial Information has been presented in Renminbi (“RMB”) and rounded to the nearest thousand.

2. Summary of significant accounting policies

Basis of preparation

The Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and on the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

3. Income Tax expense

The tax charge on profits assessable has been calculated at the rates of tax prevailing in the countries in which LVST operates, based on existing legislation, interpretation and practices in respect thereof.

4. Nature of financial information

The financial information does not constitute Statutory Accounts for the period under review.

PART 5

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP



The Directors and Proposed Directors
Ninety Plc
17 Hanover Square
London W1S 1HU

The Directors
FinnCap
4 Coleman Street
London EC2R 5TA

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

4 September 2008

Dear Sirs

NINETY PLC – PRO FORMA FINANCIAL INFORMATION

We report on the pro forma statement of net assets (the “pro forma financial information”) set out in Part 5 of the AIM Admission Document dated 4 September 2008 (the “Document”) of Ninety Plc (the “Company”), which has been prepared on the basis described in the notes set out herein, for illustrative purposes only, to provide information about how the proposed placing of 320,166 ordinary shares and the acquisition of Honour Field might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its financial statements as at and for the period ended 29 February 2008.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the pro forma financial information. It is our responsibility to form an opinion on the financial information as to the proper compilation of the pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of the Company.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro

forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion

- (a) the pro forma financial information has been properly compiled on the basis stated therein; and
- (b) such a basis is consistent with the accounting policies of the Company.

Declaration

We are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Mazars LLP

Set out below is an unaudited pro forma statement of consolidated net assets of the Company, which has been prepared on the basis of the financial information on the Company at 29 February 2008 as adjusted for the Placing and the acquisition of Honour Field, including its subsidiary LVST, by the Company. The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, will not represent the actual financial position of the Company at the date of the Placing.

	<i>The Company (Part 3) £'000</i>	<i>Honour Field (Part 4A) US\$'000</i>	<i>LVST (Part 4B) RMB'000</i>	<i>LVST Restated £'000</i>	<i>Adjustments (Notes below) £'000</i>	<i>Pro forma net assets £'000</i>
ASSETS						
Non-current assets						
Property, plant and equipment	–	–	49,471	3,608	–	3,608
Construction in progress	–	–	1,827	133	–	133
Prepaid land lease payments	–	–	18,727	1,366	–	1,366
	–	–	70,025	5,107	–	5,107
Current assets						
Inventories	–	–	4,737	346	–	346
Trade receivables	–	–	19,525	1,424	–	1,424
Other receivables, deposits and prepayments	31	–	5,837	426	–	457
Cash and cash equivalents	3,057	–	25,554	1,863	(520)	4,400
	3,088	–	55,653	4,059	(520)	6,627
	–	–	–	–	–	–
Total assets	3,088	–	125,678	9,166	(520)	11,734
LIABILITIES						
Non-current liabilities						
Hire purchase liabilities	–	–	–	–	–	–
Deferred tax provisions	–	–	–	–	–	–
	–	–	–	–	–	–
Current liabilities						
Trade payables	2	–	4,775	348	–	350
Advanced payments	–	–	2,178	158	–	158
Other payables, deposits and accruals	37	–	730	53	–	90
Borrowings	–	–	23,600	1,721	–	1,721
Tax payable	–	–	3,652	267	–	267
	39	–	34,935	2,547	–	2,586
	–	–	–	–	–	–
Total liabilities	39	–	34,935	2,547	–	2,586
	–	–	–	–	–	–
NET ASSETS	3,049	–	90,743	6,619	(520)	9,148

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

1. The balances for the Company at 29 February 2008 are extracted from the Accountants' Report in Part 3 of this Document.
2. The balances for Honour Field at 31 December 2007 and for LVST at 30 June 2008 are extracted from the Accountants' Reports in Parts 4A and 4B, respectively, of this Document. The balances for LVST have been translated into £ Sterling at the rate RMB 13.71: £1
3. The Directors consider that the substance of the acquisition of Honour Field by the Company is that it is a reverse acquisition and that, in order to give a true and fair view, the reverse acquisition accounting method, as permitted by IFRS 3 'Business combinations', will be adopted as the basis for consolidation in the first published accounts of the Company following completion of the Acquisition. On the basis of provisional estimates of the fair value of the Company's net assets, goodwill amounting to £1.6 million is expected to arise under reverse acquisition accounting which will be accounted for within the Income Statement on consolidation.
4. The pro forma statement assumes that the net proceeds will be £240,000 and the associated costs will be £760,000.
5. No account has been taken of the trading by the Company subsequent to 29 February 2008, or of Honour Field subsequent to 31 December 2007, or of LVST subsequent to 30 June 2008.

PART 6

ADDITIONAL INFORMATION

1. Responsibility statement

The Company, together with the Directors and Proposed Directors of the Company, whose names and functions appear on page 10 of this document, accept responsibility, individually and collectively, for all of the information contained in this document, and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and Proposed Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its group

- 2.1 The Company was incorporated and registered in England and Wales on 15 June 2007 under the name Ninety Plc as a public limited company with registered number 06280431. On 19 September 2007, the Company obtained a trading certificate pursuant to section 117 of the Act. The liability of its members is limited to the amount, if any, unpaid on the shares respectively held by them.
- 2.2 The Company was incorporated under the Act and its securities are governed by the Act.
- 2.3 The Company's registered office is 17 Hanover Square, London W1S 1HU and the Company's principal place of business is 53 Davies Street, London W1K 5JH. The telephone number of the principal place of business is 020 3187 4506.
- 2.4 The Company has no administrative, management or supervisory bodies other than the Board, the remuneration committee, the nomination committee and the audit committee. As at the date of this document only the non-executive directors sit on the committees.
- 2.5 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.6 The Company's auditors are Mazars LLP of Tower Bridge House, St. Katharine's Way, London E1W 1DD, United Kingdom, which is a member of the Institute of Chartered Accountants in England and Wales.
- 2.7 The accounting reference date of the Company is 30 September.
- 2.8 The business of the Company and its principal activity is that of an AIM quoted investment company seeking a suitable acquisition target to increase shareholder value. Upon Admission, the business of the Enlarged Group and its principal activity will be the manufacture and sale of food preservatives (principally Sorbic Acid and Potassium Sorbate).
- 2.9 As at the date of this document, the Company does not have any subsidiary undertakings.
- 2.10 As at the date of this document the Company is a subsidiary of Albany. Albany is an activist and pre-IPO investment company.
- 2.11 The Existing Ordinary Shares are and the New Ordinary Shares will be freely transferable.

3. Share Capital of the Company

- 3.1 The authorised and issued fully paid-up share capital of the Company as at the date of this document is as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
500,000	500,000,000	Ordinary Shares of 0.1p	374,500.02	374,500,020

- 3.2 The authorised and issued share capital of the Company following the Capital Reorganisation immediately following Completion will be as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
6,000,000	100,000,000	New Ordinary Shares of 6p	1,385,310	23,088,499

- 3.3 The par value of each (prior to the Capital Reorganisation) Ordinary Share is 0.1p.
- 3.4 On the date of incorporation, the authorised share capital of the Company was £50,000 divided into 5,000,000 shares of 1p each. One share was issued to each of the subscribers to the Company's memorandum of association, being Waterlow Nominees Limited and Waterlow Secretaries Limited. On 15 June 2007 these two issued shares were transferred, one share to Albany and one share to Albany Advisers Limited.
- 3.5 Under the Company's then articles of association, the Directors were authorised to allot the whole of the authorised but unissued share capital for a period of five years from the date of incorporation for the purposes of section 80 of the Act and also to disapply the statutory pre-emption rights in relation to any such allotment for cash pursuant to section 95 of the Act.
- 3.6 By written resolution of the Company passed on 26 July 2007, the following resolutions were passed:
- 3.6.1 that the authorised share capital of the Company be increased from £50,000 to £500,000 by the creation of 45,000,000 ordinary shares of 1p each ranking *pari passu* in all respects with the existing ordinary shares of 1p each in the capital of the Company;
- 3.6.2 that the Directors be generally and unconditionally authorised pursuant to section 80 of the Act to exercise all the powers of the Company to allot and make offers to allot relevant securities up to the authorised but unissued share capital of the Company as at the date of such resolution in an aggregate nominal amount of £500,000 provided that such authority expires at the conclusion of the Annual General Meeting of the Company to be held in 2008, save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if such authority conferred hereby had not expired;
- 3.6.3 that the Company be authorised to sub-divide the entire authorised share capital of the Company from 50,000,000 ordinary shares of 1p each into 500,000,000 ordinary shares of 0.1p each;
- 3.6.4 that the Company's articles of association be replaced in their entirety by the Articles (a summary of which is set out in paragraph 6 of Part 6 of this document); and
- 3.6.5 that the Directors be authorised and empowered pursuant to section 95 of the Act to allot equity securities (as defined in sections 94(2) and 94(3A) of the Act) wholly for cash pursuant to the section 80 authority referred to above as if section 89(1) of the Act did not apply to any such allotment provided that such power be limited to the allotment of 449,999,980 shares being the authorised but unissued share capital of the Company as at the date of the resolution.
- 3.7 On 26 July 2007, the Company allotted and issued for cash a total of 55,000,000 Ordinary Shares to Albany.
- 3.8 On 19 October 2007 the Company published an AIM admission document and entered into a placing agreement with FinnCap pursuant to which FinnCap placed 319,500,000 Ordinary Shares at a placing price of 1p per share thereby raising £3.195million. On 24 October 2007, the entire issued share capital of the Company comprising 374,500,020 Ordinary Shares was admitted to trading on AIM.
- 3.9 The provisions of section 89(1) of the Act (which, to the extent not disappplied pursuant to Section 95 of the Act (as referred to in paragraph 3.6.5 above), confer on shareholders rights of pre-emption in

respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company.

- 3.10 The Company does not have in issue any securities not representing share capital and save as disclosed in this Part 6, there are no outstanding convertible securities, exchangeable securities or securities with warrants that have been issued by the Company.
- 3.11 To the best of the Directors' and Proposed Directors' knowledge and save as disclosed in paragraphs 9 and 10 below:
- (a) at the date of this document, no person directly or indirectly, acting alone or jointly with others, exercises or could exercise control over the Company; and
 - (b) following Completion, no person other than the Seller, directly or indirectly, acting alone or jointly with others, exercises or could exercise control over the Company.
- 3.12 Save in connection with the Placing and as disclosed in this Part 6, since 15 June 2007 (the date of incorporation of the Company):
- (a) no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for consideration other than cash, to any person;
 - (b) no person has any preferential subscription rights for any share capital of the Company;
 - (c) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company; and
 - (d) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 3.13 None of the New Ordinary Shares have been marketed or are being made available to the public in whole or in part in conjunction with the application for Admission of those securities.
- 3.14 The Acquisition Shares and Placing Shares will be issued free from all liens, charges, encumbrances and other third party rights and will rank *pari passu* in all respects including the right to receive all dividends and other distributions, declared, made or paid on the New Ordinary Shares from the date of issue of the Acquisition Shares.
- 3.15 On Completion, existing Shareholders will suffer a dilution of their interest in the Company's share capital of approximately 73 per cent.
- 3.16 The Ordinary Shares and, following the Capital Reorganisation, the New Ordinary Shares will be in registered form and may be held either in certificated form or in uncertificated form through CREST.
- 3.17 Other than as disclosed in this document, the Company does not have, nor are there in progress or under consideration by the Company, any significant investments.
- 3.18 Subject to the passing of Resolution 11 and Completion, the Company's name will be changed to Sorbic International plc.
- 3.19 There are no issued but not fully paid Ordinary Shares.

4. Honour Field

Honour Field was incorporated in the British Virgin Islands on 3 July 2007 and its sole asset is its shareholding in LVST. LVST is a manufacturer of food preservatives, namely Potassium Sorbate and Sorbic Acid, located in Linyi City, Shandong Province, Peoples Republic of China.

5. Memorandum of Association

The Memorandum of Association of the Company specifies, *inter alia*, that its objects are to carry on the business of a holding company and to carry on business as a general commercial company. The objects of the Company are set out in full in clause 4 of the Company's Memorandum of Association which is available for inspection at the location specified in paragraph 23 of this Part 6.

6. Articles of Association

The following is a summary of the rights under the articles of association of the Company (and in particular relating to voting, entitlement to share in the profits and, in the event of liquidation, in any surplus, and transfers) which attach to the Ordinary Shares. Pursuant to and conditional upon the passing the Resolutions, additional amendments to the Articles will be made as summarised in paragraph 14 of Part 1 of this document.

6.1 Voting Rights

- 6.1.1 On a show of hands, every member present in person or by a representative shall have one vote.
- 6.1.2 On a poll, every member present in person or by proxy shall have one vote for every share of which he is a holder.
- 6.1.3 Any joint holder may vote at any meeting either personally or by proxy but where more than one joint holder is present then the one whose name stands first in the register shall alone be entitled to vote.
- 6.1.4 Any person authorised to vote on behalf of a member who has been declared as is or may be suffering from a mental disorder or is otherwise incapable of managing his affairs may vote, on a show of hands or on a poll, provided evidence of his authority to do so has been deposited at the registered office of the Company not less than three days before the time for holding the meeting.
- 6.1.5 Only members who have paid all calls or sums payable by them shall be entitled to vote at any general meeting.
- 6.1.6 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under its common seal or under the hand of an authorised officer or attorney. The directors may require evidence of the authority.

6.2 General Meetings of Shareholders

All general meetings which are not annual general meetings are extraordinary general meetings. General meetings may be called by directors whenever they think fit or within not more than 6 weeks of receipt of a requisition of members served in accordance with the Act. If there are insufficient directors in the UK to form a quorum, any director or two members may convene an extraordinary general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the directors.

An annual general meeting and an extraordinary general meeting for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice and all other extraordinary general meetings shall be called by at least fourteen clear days' notice.

6.3 Class Rights

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled, either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the Articles applicable to general meetings apply *mutatis mutandis* to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

6.4 ***Changes to Share Capital***

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares.

6.5 ***Reduction of Share Capital***

The Company may by special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to any authority required by law. Subject to applicable law, the Company may purchase its own shares.

6.6 ***Directors***

6.6.1 A director is not required to hold any qualification shares.

6.6.2 The amount of any fees payable to directors shall be determined by the directors provided that they shall not in any year exceed an aggregate amount of £150,000 or such other sum as may from time to time be approved by ordinary resolution. The directors are also entitled to be repaid all expenses properly incurred by them in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the directors may determine.

6.6.3 The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or services of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company (“associated companies”) and the families and dependents of any such persons and the directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.

6.6.4 The directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.

6.6.5 Subject to the provisions of applicable law and provided that he has disclosed to the board the nature and extent of any material interest of his, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- (c) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors may arrange; and

- (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- 6.6.6 Save as specifically provided in the Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- 6.6.7 Subject to applicable law, a director is (in the absence of some material interest other than as indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
- (a) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company of any of its subsidiary undertakings;
 - (b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting thereof;
 - (d) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;
 - (e) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that he does not hold an interest (as defined in Part 22 of the Companies Act 2006) in one per cent. or more of the issued shares of any such body corporate;
 - (f) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;
 - (g) any arrangements for the benefit of employees of the Company or any of its subsidiaries under which the director benefits in a similar manner to employees; and
 - (h) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.
- 6.6.8 Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs 6.6.7(g) and (h) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.
- 6.6.9 At every general meeting, one third of all directors then serving on the Board shall retire by rotation and stand for re-election.
- 6.6.10 A director shall not be required to retire upon reaching the age of 70, but shall be required to offer himself for re-election at each subsequent annual general meeting.

6.7 *Transfer of Shares*

Subject to the restrictions referred to below, any member may transfer all or any of his certified shares by instrument in writing in any usual or common form, or in such other form as the directors may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, in the case of a partly paid up share, by or on behalf of the transferee. The directors may, in their absolute discretion and without assigning any reason, refuse to register a transfer of any share, not being a fully paid up share, or being in respect of a share on which the Company has a lien. They may also refuse to register any transfer of any share (whether fully paid or not) to be held jointly by more than four persons. The directors may also decline to register any instrument of transfer unless:

6.7.1 it is deposited duly stamped, at the registration office of the Company, or such other place as the directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and

6.7.2 it is in respect of only one class of certified share.

The registration of transfers may be suspended by the directors for any period not exceeding 30 days in any year as the directors determine.

6.8 *Dividends*

6.8.1 Payment of dividends to the members shall be apportioned in accordance with their rights and priorities. The Company must pass an ordinary resolution to declare dividends and no dividend or interim dividend shall be payable otherwise than in accordance with Part VIII of the Companies Act 1985.

6.8.2 Dividends shall only be payable out of the profits of the Company and shall not exceed the amount recommended by the Directors.

6.8.3 Dividends must be declared and paid according to the amounts paid on the shares. Any amount paid in advance of calls will not be treated as paid on the share and dividends shall be apportioned and paid pro rata where appropriate unless the terms on which the share is issued specify otherwise.

6.8.4 Sums equal to the amount or value of any premiums at which shares are issued must be transferred to a share premium account.

6.8.5 Directors may pay interim dividends and if the capital of the Company is divided into different classes of shares then the directors may pay interim dividends in respect of those shares which confer deferred or non-preferred rights as well as preferential or special rights with regard to dividends.

6.8.6 Directors may pay half yearly or at another suitable date in respect of a dividend which is payable at a fixed rate.

6.8.7 The Directors may give effect to a resolution directing payment in a certain manner or can use their discretion with regard to the distribution of payment.

6.8.8 A resolution may specify any date as the record date for the dividend.

6.8.9 Any sums owed by a member to the Company may be deducted from any dividend or bonus payable to that member.

6.8.10 No unpaid dividend, bonus or interest shall bear interest as against the Company.

6.8.11 The directors can retain any dividends and bonuses on which the Company has a lien and may apply them towards satisfaction of the debts, liabilities or engagements in respect of the lien.

6.8.12 The directors may retain any dividends and bonuses in respect of which any person is entitled to become a member (under the provisions relating to the transmission of shares) or entitled to transfer (under said provisions).

6.8.13 Dividends may be paid by cheque or warrant to the registered address of the member or person entitled to it or otherwise by direct bank transfer to a bank account as the member directs. In the case of joint holders payment shall be to any one of them or as directed.

6.8.14 Any joint holder can effect receipt of a dividend or other monies payable in respect thereof.

6.8.15 Directors may invest all unclaimed dividends until claimed and where dividends remain unclaimed for 12 years after the date they were declared/due for payment then they may be forfeited and will revert to the Company.

6.9 ***Borrowing Powers***

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiary undertakings only insofar as, by the exercise of the rights or powers of control, the directors can secure) that the aggregate principal amount outstanding of all borrowings by the Company (exclusive of borrowings owing by one member of the Company to another member) does not, without the previous sanction of an ordinary resolution, exceed the greater of £30 million or three times the adjusted capital and reserves (as defined in the Articles).

6.10 ***Rights of Shares***

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights.

6.11 ***Winding Up***

On a winding up of the Company, the members shall be entitled to the amounts paid up on the shares held by them together with any premium. Any surplus assets shall belong to the holders of the ordinary shares then in issue in proportion to their shareholding. If there are no ordinary shares in issue any surplus assets shall belong to the holders of any unclassified shares then in issue in proportion to their shareholding.

The liquidator may, with the authority of an extraordinary resolution, divide among the members the whole or any part of the assets of the Company.

6.12 ***Scrip Dividends***

6.12.1 On the passing of an ordinary resolution, the directors may offer the holders of ordinary shares one or more of the following instead of taking the net cash amount due:

6.12.1.1 to invest the cash in subscribing for unissued ordinary shares (payable in full or by instalments), or in paying up in full or by instalments any unpaid or partly paid ordinary shares held by them;

6.12.1.2 to elect to receive new ordinary shares credited as fully paid;

6.12.1.3 to forego any entitlement to any or all dividend and to take instead fully paid bonus ordinary shares; or

6.12.1.4 to take any other option as the Directors may determine.

6.12.2 The ordinary resolution referred to above may specify a particular dividend or any dividends declared within a specified period.

The relevant value of the new ordinary shares shall be as equal as possible to the cash amount of the dividend that the holder elects to forego. The directors may at their discretion adjust the figure by dividing the relevant value (special provisions apply to its calculation) by the amount payable on the ordinary shares up or down so that the entitlement to new ordinary shares is referenced as a numerical ratio.

- 6.12.3 The directors shall, on or as soon as practicable after announcing the declaring or recommending of a dividend, announce any intention to offer an election in respect of that dividend together with the procedure to be followed and the place at which and the latest time by which elections must be lodged.
- 6.12.4 The directors shall only proceed with an election if the Company has sufficient unissued shares authorised for issue and sufficient reserves or funds that may be capitalised.
- 6.12.5 The directors have discretion to exclude from any offer any holders of ordinary shares where such an offer to them could involve the contravention of the laws of any territory or any other applicable reason.
- 6.12.6 No dividend shall be payable on ordinary shares in respect of which an election has been made but rather additional ordinary shares will be allotted to the holders of the elected ordinary shares on the basis of the calculation described at paragraph 2 above.
- 6.12.7 The additional ordinary shares when allotted shall rank *pari passu* with the fully paid ordinary shares then in issue but they will not be entitled to participate in the relevant dividend in respect of which the right of election was offered.
- 6.12.8 The directors may establish or vary a procedure for election mandates and shall have discretion to do such acts and things to give effect to the provisions relating to scrip dividends.

6.13 ***Pre-emption Rights***

Unless the Company passes an ordinary resolution at the general meeting at which the capital is increased and directs otherwise, any new shares proposed to be issued shall be offered in the first instance in accordance with section 89 of the Companies Act 1985 (unless disapplied by special resolution) to all the shareholders on the same or more favourable terms than those offered or to be offered to persons other than shareholders, in proportion to the number of shares of the same class held by them.

6.14 ***Redeemable Shares***

A special resolution may be passed by the Company to create and sanction the issue of shares which are, or at the option of the Company or the holder are liable, to be redeemed. This special resolution shall also make such alterations to the Articles as are necessary to specify the terms on which and the manner in which the shares are to be redeemed.

6.15 ***Capitalisation of profits and reserves***

Subject to section 80 and Part VIII of the Companies Act 1985, the Company in general meeting may resolve to capitalise an amount standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and to distribute it among the members who would have been entitled to it if it had been distributed by way of dividend. There are however conditions attached to the form of distribution.

6.16 ***Conversion Provisions***

There are no such provisions.

7. Share Option Plan

7.1 Introduction

The Company introduced a share option plan (“the Plan”) in order to be in a position to incentivise and remunerate any key employees and senior management of the Company as the Board considers appropriate. There is no current intention to grant options to any of the Directors under the Plan. Under the Plan, any person who is a *bona fide* employee of the Company who is required to devote substantially the whole of his time to his duties under a contract of employment may be granted options over Ordinary Shares (“Option”). The exercise of an Option may be conditional upon such objective performance criteria as shall be determined by the Board, in its absolute discretion. The price per share payable on the exercise of an Option shall be determined by the Board but shall not be less than the greater of:

- (a) the average of the middle-market quotations of a fully-paid Ordinary Share as derived from the prices quoted on AIM for the Ordinary Shares in question for the 10 dealing days immediately preceding the date of grant; and
- (b) the middle-market quotation of an Ordinary Share as derived from the prices quoted on AIM for the date of grant; and
- (c) in the case of a right to subscribe for an Ordinary Share pursuant to the Plan or any other share option or share incentive plan (“Placing Option”), the nominal value of an Ordinary Share.

7.2 Eligibility

The Board shall have an absolute discretion as to the selection of persons to whom an Option is granted. An Option shall not be granted to any person within the period of 6 months ending with a date on which that person is bound to retire in accordance with the terms of his contract of employment or letter of appointment.

7.3 Timing of awards

An Option may only be granted at any time within the period of 42 days beginning with the date on which the Plan is adopted (“Commencement Date”) and thereafter during the period of 42 days following the date of notification to the London Stock Exchange of the annual or half-yearly results of the Company and/or at any other time, only if the Company’s remuneration committee considers the circumstances to be exceptional. No Option may be granted under the Plan later than 10 years after the Commencement Date.

7.4 Performance-related conditions of exercise

The exercise of an Option may be conditional upon such objective performance criteria as shall be determined by the Board in its absolute discretion and notified to the person who has been granted an Option (or, if that person has died, his personal representative) (“Optionholder”) when the Option is granted. Following the grant of an Option the Board may amend or waive any such performance condition if the Board reasonably and fairly consider that it has become unfair, impossible or impractical to apply or fulfil them.

7.5 Exercise of Options and lapse of Options

An Option may not be exercised later than the end of the day preceding the tenth anniversary of the date of grant or such earlier time as the Company or such other person as has granted that Option (“Grantor”) shall determine and notify to the Optionholder when the Option is granted nor at any time when to do so would cause either the Optionholder or the Grantor or any other person to contravene the Company’s model code on share dealings from time to time. Save as set out in paragraphs (a) to (f) below, or if there is a demerger, reconstruction or winding up or take over of the Company, an Option may be exercised on or in the period commencing on and/or after the third anniversary of the date of grant (or such other time or over such other period as the Company’s remuneration committee shall specify at the relevant date on which the Option was granted).

- (a) If an Optionholder dies in service after an Option vests in respect of any number of Ordinary Shares, then such Option may be exercised by his personal representatives in respect of such Ordinary Shares within 12 months from the date of his death and if not exercised shall lapse at the end of that period.
- (b) If an Optionholder dies in service before an Option vests in respect of any number of Ordinary Shares, such Option may within 12 months of the date of his death be exercised by his personal representatives in respect of such proportion of the Ordinary Shares as corresponds to such proportion of the period over which the performance of the Company is measured in accordance with the Plan (“Performance Period”), as has lapsed on the date of death and if not then exercised, shall lapse and cease to be exercisable at the end of the 12 month period or if there is no Performance Period, then in full.
- (c) If an Optionholder dies after leaving employment or ceasing to hold office within the Company, any Option granted to him may within 12 months of his death be exercised by his personal representatives in respect of such Ordinary Shares as were vested and which Option could have been exercised at the time of death and if not exercised shall lapse at the end of that period.
- (d) If an Optionholder ceases to hold office or employment within the Company by reason of injury, ill-health or disability, redundancy, retirement on reaching 65 or earlier if agreed, then but for his death (see paragraph (a) above), an Option may only be exercised within 6 months from the Optionholder so ceasing and in respect of either such number of shares which had vested at that date or, if less, such proportion of the Ordinary Shares as corresponds to such proportion of the Performance Period as had elapsed at the date on which the Optionholder so ceases to hold office or employment and if not exercised shall lapse at the end of that period.
- (e) Such Options if not exercised as referred to in paragraphs (a), (c) or (d) above within such periods of 6 months or 12 months respectively shall lapse and cease to be exercisable at the end of these periods.
- (f) If an Optionholder ceases to hold office or employment within the Company for any reason other than those set out in paragraphs (a), (b) or (d) subject to paragraph (a), an Option granted to him may only be exercised (if at all) in relation to such proportion of the Ordinary Shares over which the Option subsists, and as the Committee shall determine and notify to the Optionholder. And shall otherwise lapse and cease to be exercisable except if no such determinations are made by the Committee within the period of 3 months beginning with the date on which the Optionholder so ceases then such Option shall lapse and cease to be exercisable at the end of that period of 3 months.

7.6 Tax Treatment

If a person who is resident or ordinarily resident in the UK (so as to be chargeable to income tax on his general earnings) is granted an Option over Ordinary Shares no charge to income tax will arise on the grant of the Option.

7.7 Overall limit on the granting of Options

The number of Ordinary Shares in respect of which Placing Options may be granted on any given day in any year when added to the number of Ordinary Shares in respect of which Placing Options have previously been granted (and, if not exercised, have not ceased to be exercised) in that year and the nine preceding years, shall not exceed 10 per cent. of the ordinary share capital of the Company on that day.

7.8 Individual Limit on the granting of Options

No Placing Options shall be granted to any person if it would cause the aggregate market value of Ordinary Shares over which Placing Options are then held by that person to exceed or further exceed

one times the amount of the emoluments (excluding benefits in kind) payable in any year to such person by companies within the group or any associated company.

7.9 *Variation of share capital*

In the event of any alteration of the ordinary share capital by way of capitalisation or rights issue, or sub-division, consolidation or reduction or any other variation in the share capital of the Company, the grantor may make such adjustments as it considers appropriate, including: a) to the aggregate number or amount of Ordinary Shares subject to any Option; and/or b) to the price per share payable upon the exercise of that Option.

7.10 *Alteration of the Share Option Plan*

The Board may not make any alterations to the Plan which would provide an advantage to the participants without the prior approval by ordinary resolution of shareholders of the Company. There is an exception for minor amendments to benefit the administration of the Plan or to take account of any change in legislation or to obtain or maintain favourable tax or regulatory treatment for participants in the Plan, the Company or any associated company.

7.11 *Pension Rights*

No Option granted nor shares acquired as a result of the exercise of such Options under the Plan are pensionable benefits.

The above summary of the principal terms of the Plan does not form part of the rules of the Plan and should not be taken as affecting the interpretation of the detailed terms and conditions. The Board reserves the right to make amendments and any additions to the rules of the Plan that they consider necessary or appropriate.

8. **United Kingdom Taxation**

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation, and what is understood to be the current practice of HM Revenue & Customs (“HMRC”) in the United Kingdom regarding the ownership and disposal of Ordinary Shares.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares of the Company. It addresses certain limited aspects of the UK taxation position of UK resident, ordinarily resident and domiciled Shareholders who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are “employment related securities” as defined in Section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could effect the taxation consequences described below.

The Directors can confirm that the Company’s effective management and control is exercised in the United Kingdom at the date of this document, and therefore the Directors consider the Company resident for tax purposes in the United Kingdom and the following is based on that status.

8.1 *The Company*

The Company is at the date of this document resident for tax purposes in the UK and the following is based on that status.

The income of the Company will be subject to UK corporation tax to the extent that it does not consist of the dividends received from UK companies. Income arising from overseas investments may be subject to overseas taxes, subject to relief which may be available under any relevant double taxation agreement with the UK or UK domestic law.

Additionally, the UK controlled foreign companies legislation may impose a tax charge upon the Company in respect of undistributed profits of certain controlled foreign companies in which it has an interest.

8.2 *The Shareholders*

8.2.1 *UK Withholding tax*

Under current UK taxation legislation, no tax will be withheld at source from dividend payments by the Company.

8.2.2 *Taxation of dividends*

(a) **United Kingdom resident shareholders**

Individuals

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on dividends paid by the company will be 10 per cent. of the total of the dividend payment and the tax credit (the "gross dividend"), or one-ninth of the dividend payment. UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder's income. UK resident individual Shareholders who are not liable to income tax in respect of the gross dividend will generally not be entitled to reclaim any part of the tax credit. In the case of a UK resident individual Shareholder who is not liable to income tax at the higher rate (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax. To the extent that a UK resident individual Shareholder's income (including the gross dividend) exceeds the threshold for higher rate income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit against this liability. An individual Shareholder who is liable to income tax at the higher rate will be liable to income tax at a rate of 22.5 per cent. of the gross dividend (or 25 per cent. of the dividend payment).

Companies

A corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company. Corporate Shareholders and UK pension funds (together with other tax exempt funds) (the introductory tax section states that these will not be dealt with) will not, however, be able to claim repayment of tax credits attaching to the dividend payment.

(b) **Non-residents**

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount of tax credit that can be claimed by non-UK resident Shareholders from HMRC will be nil. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments,

whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

8.3 **Capital Gains Tax**

A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 18 per cent. of any chargeable gain thereby realised. The rate of tax may be reduced to an effective tax rate of 10 per cent. if the conditions for entrepreneurs relief are met. In computing the chargeable gain, the shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).

A Shareholder who is neither resident nor ordinarily resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non resident may be treated as disposing of them in the tax year in which they again become resident in the UK.

It is expected that the consolidation of Ordinary Shares of 0.1p each into New Ordinary Shares of 6p each will not result in a disposal of the Ordinary Shares for the purposes of UK taxation of chargeable gains.

A UK resident corporate shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 21-28 per cent. depending on the taxable profits of the shareholder). In computing the chargeable gain liable to corporation tax, the shareholder is entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

In some circumstances, a corporate shareholder may be exempt from corporation tax in relation to its disposal of shares under the substantial shareholding exemption or be able to reduce the quantum of the gain by capital and/or income losses arising to the corporate shareholder.

8.4 **Stamp duty and Stamp Duty Reserve Tax (“SDRT”)**

No United Kingdom stamp duty or SDRT will arise on the consolidation of Ordinary Shares of 0.1p each into New Ordinary Shares of 6p each.

Holders of New Ordinary Shares will be registered on the Company’s register in the UK. Shareholders who are “system members” of CREST may elect to hold their New Ordinary Shares in CREST for trading on AIM.

An unconditional agreement to transfer New Ordinary Shares for consideration will give rise to a charge of SDRT at the rate of 0.5 per cent. of the amount or value of the consideration for the New Ordinary Shares. However, where within six years of the date of the agreement an instrument of transfer is executed and duly stamped and the appropriate stamp duty paid, the SDRT liability will be cancelled and any SDRT which has been paid will be repaid. SDRT is the liability of the purchaser of the New Ordinary Shares.

The conveyance or transfer on sale of New Ordinary Shares held in certificated form will in principle be subject to SDRT and will normally be dealt with by charging *ad valorem* stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount of value of the consideration given (rounded up if necessary to the nearest multiple of £5) is again paid by the purchaser of the New Ordinary Shares.

Where New Ordinary Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such person) or SDRT may be payable at a rate of 1.5 per cent. (rounded up if necessary, in the case of stamp duty, to the nearest multiple of £5) of the amount or value of the consideration payable or, in certain circumstances, the value of the New Ordinary Shares. This liability for stamp duty or SDRT is the liability of the depositary or clearance service operator or their nominee, as the case may be, but will in practice generally be reimbursed by participants in the clearance service or depositary receipt scheme.

Paperless transfers of New Ordinary Shares within CREST are generally subject to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the system. Deposits of New Ordinary Shares in CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the value of the consideration.

Special rules apply to agreements made by market intermediaries in the ordinary course of their business.

8.5 *Inheritance and gift taxes*

New Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK), although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any New Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

The comments set out above are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

9. Substantial Shareholders

- 9.1 Except for the interests of the Directors and Proposed Directors and senior managers, which are set out in paragraph 10.1 of this Part 6, and those persons set out in this paragraph 9.1, the Directors and Proposed Directors are not aware, as at 3 September 2008 (the latest practicable date prior to the date of this document), of any holding of voting rights which as at 3 September 2008 (the latest practicable date prior to the date of this document), which immediately following Completion, would amount to three per cent. or more of the total voting rights of the Company's issued share capital:

<i>Name</i>	<i>Number of Ordinary Shares at the date of this document</i>	<i>Per cent. of the issued Ordinary Share capital at the date of this document</i>	<i>Number of New Ordinary Shares immediately after Admission</i>	<i>Per cent. of Enlarged Share Capital</i>
Albany Capital Plc	269,600,020*	71.9	8,937,778	38.7
JM Finn Nominees Limited	37,500,000	10.0	731,666	3.2
The Bank of New York (Nominees) Limited	20,000,000	5.3	333,333	1.4
Fiske Nominees Limited	11,750,000	3.1	195,833	0.8
Prime Mega International Limited	–	–	9,860,000**	42.7

* includes 10 shares held by Albany Advisers Limited, a wholly owned subsidiary of Albany Capital Plc.

** represents Acquisition Shares only and does not include Deferred Shares which are only issued if the Profit Target is met.

9.2 Save as disclosed in paragraphs 9.1 and 10.1 of this Part 6, the Company is not aware of any person who either at the date of this document or immediately following Admission exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

9.3 No holder of Ordinary Shares, including those listed above or set out in paragraph 10 of this Part 6, has voting rights different from other holders of Ordinary Shares in respect of the share capital of the Company (issued or to be issued).

10. Directors, Proposed Directors and Senior Management and Other Interests

10.1 The interests of the Directors at the date of this document and, as they are expected to be immediately after Admission and interests of any person connected (within the meaning of section 346 of the Act) with any Director are as follows (all such interests being beneficial unless otherwise noted):

<i>Name</i>	<i>Number of Ordinary Shares at the date of this document</i>	<i>Per cent. of the issued Ordinary share capital at the date of this document</i>	<i>Number of New Ordinary Shares immediately after Admission</i>	<i>Per cent. of Enlarged Share Capital</i>
John McLean	–	–	66,666	0.3
Michael Gretton	–	–	–	–
Thomas Vaughan	2,500,000	0.7	41,666	0.2
Ray Ang*	–	–	9,860,000	42.7
Susan Chong	–	–	–	–
Nicholas Smith	–	–	40,000	0.2
Wang Yan Ting	–	–	–	–

* Ray Ang is the sole legal and beneficial owner of 100 per cent. of the issued share capital of Prime Mega. Prime Mega will hold 9,860,000 New Ordinary Shares immediately after Admission.

10.2 Save as disclosed in paragraph 9.1 of this Part 6, and in paragraph 10.1 above, the Company is not aware of any person or persons who either alone or, if connected, jointly who currently or, following the completion of the Placing, will (directly or indirectly) exercise or could exercise control over the Company.

10.3 The Shareholders listed above do not have different voting rights to other holders of Ordinary Shares.

10.4 There are no outstanding loans granted by any member of the Enlarged Group to any Director or Proposed Director, nor has any guarantee been provided by any member of the Enlarged Group for their benefit.

- 10.5 On Completion, Michael Gretton and Thomas Vaughan will resign from the Board. Details relating to the service contracts and letters of appointment of the Directors and Proposed Directors are set out below:

10.5.1 *Michael Gretton*

Michael Gretton entered into a letter of appointment with the Company on 24 September 2007 to act as a non-executive director of the Company. Under the letter of appointment, Mr. Gretton's remuneration is £20,000 per annum. The letter of appointment may be terminated at any time by either party giving to the other six months' written notice. On Completion, Michael Gretton will resign from the Board.

10.5.2 *Thomas Vaughan*

Thomas Vaughan entered into a letter of appointment with the Company on 24 September 2007 to act as a non-executive director of the Company. Under the letter of appointment, Mr. Vaughan's remuneration is £20,000 per annum. The letter of appointment may be terminated at any time by either party giving to the other six months' written notice. On Completion, Thomas Vaughan will resign from the Board.

10.5.3 *Wang Yan Ting*

Pursuant to a letter of appointment dated 4 September 2008, the Company appointed Wang Yan Ting to act as an executive director of the Company from Admission. Mr. Wang shall receive a director's fee of £10,000 per annum payable monthly in arrears. The agreement is to continue until terminated by either party giving six months' written notice.

In conjunction with his appointment as an executive director of the Company, Wang Yan Ting entered into a service agreement with LVST on 4 September 2008. Under the service agreement, Mr. Wang's remuneration is £90,000 per annum. The service agreement commences on Admission and may be terminated at any time by either party giving to the other six months' written notice. Mr. Wang shall exercise such powers and perform such duties in relation to the business of LVST or any member of the Enlarged Group as may from time to time be vested in or assigned to him by the Board appropriate to his status, qualifications and experience. Mr. Wang may be paid a discretionary bonus as determined by the Remuneration Committee from time to time. He shall also be entitled to such other benefits as accorded by the Board from time to time.

10.5.4 *Ray Ang*

Pursuant to a letter of appointment dated 4 September 2008, the Company appointed Ray Ang to act as an executive director of the Company from Admission. Mr. Ang shall receive a director's fee of £10,000 per annum payable monthly in arrears. The agreement is to continue until terminated by either party giving six months' written notice.

In conjunction with his appointment as an executive director of the Company, Ray Ang entered into a service agreement with Honour Field on 4 September 2008. Under the service agreement, Mr. Ang's remuneration is £90,000 per annum. The service agreement commences on Admission and may be terminated at any time by either party giving to the other six months' written notice. Mr. Ang shall exercise such powers and perform such duties in relation to the business of Honour Field or any member of the Enlarged Group as may from time to time be vested in or assigned to him by the Board appropriate to his status, qualifications and experience. Mr. Ang may be paid a discretionary bonus as determined by the Remuneration Committee from time to time. He shall also be entitled to such other benefits as accorded by the Board from time to time.

10.5.5 *Susan Chong*

Pursuant to a letter of appointment dated 4 September 2008, the Company appointed Susan Chong to act as an executive director of the Company from Admission. Ms. Chong shall receive a director's fee of £10,000 per annum payable monthly in arrears. The agreement is to continue until terminated by either party giving six months' written notice.

In conjunction with her appointment as an executive director of the Company, Susan Chong entered into a service agreement with Honour Field on 4 September 2008. Under the service agreement, Ms. Chong's remuneration is £48,000 per annum. The service agreement commences on Admission and may be terminated at any time by either party giving to the other six months' written notice. Ms. Chong shall exercise such powers and perform such duties in relation to the business of Honour Field or any member of the Enlarged Group as may from time to time be vested in or assigned to her by the Board appropriate to her status, qualifications and experience. Ms. Chong may be paid a discretionary bonus as determined by the Remuneration Committee from time to time. She shall also be entitled to such other benefits as accorded by the Board from time to time.

10.5.6 *John McLean*

Pursuant to a letter of appointment dated 4 September 2008, the Company appointed John McLean to act as a non-executive chairman of the Company from that date. Under the letter of appointment, Mr McLean shall receive a director's fee of £50,000 per annum payable monthly in arrears. The agreement is to continue until terminated, *inter alia*, by either party giving six months' written notice or by resolution of the shareholders.

10.5.7 *Nicholas Smith*

Pursuant to a letter of appointment dated 4 September 2008, the Company appointed Nicholas Smith to act as a non-executive director of the Company conditional upon and with effect from Admission. Under the letter of appointment, Mr Smith shall receive a director's fee of £30,000 per annum payable monthly in arrears. The agreement is to continue until terminated, *inter alia*, by either party giving six months' written notice or by resolution of the shareholders.

- 10.6 The aggregate remuneration (including contingent and/or deferred compensation) paid and benefits in kind granted to the Directors and senior managers for the period from 1 January 2008 to Admission under the arrangements in force at the date of this document, amount to approximately £50,000. It is estimated that the aggregate remuneration and benefits in kind payable to the Directors, Proposed Directors and senior managers from the date of Admission to 30 September 2009 under arrangements that are in force and that will come into effect on Completion will amount to approximately £350,000.
- 10.7 Except as set out above, there are no liquidated damages or other compensation payable by the Company upon early termination of the Directors', Proposed Directors' or senior managers' contracts. Except as set out above, none of the Directors, Proposed Directors or senior managers has any commission or profit sharing arrangements with the Company.
- 10.8 Except in respect of the appointment of the Proposed Directors and the resignations of both Michael Gretton and Thomas Vaughan, the total emoluments of the board of directors of the Company will not be varied as a result of the Proposals.
- 10.9 Except as disclosed in this paragraph 10, there are no existing or proposed service contracts between the Company and any of the Directors, Proposed Directors or senior managers which are not terminable on less than twelve months' notice, nor have any of their letters of appointment or service contracts been amended in the six months prior to the date of this document.
- 10.10 Except as disclosed in this document, no Director, Proposed Director or senior manager has or has had any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, the Enlarged Group or which are proposed to be acquired by, disposed of by, or leased to, the Enlarged Group.

10.11 No amount has been set aside or accrued by the Enlarged Group to provide pension, retirement or other benefits to the Directors, Proposed Directors or senior managers.

10.12 In addition to their directorships of the Company, the Directors, Proposed Directors and senior managers are or have been a member of the administrative, management or supervisory bodies, or directors or partners of the following companies or partnerships within the five years prior to the publication of this document:

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
John McLean	Albany Advisers Limited Albany Capital Plc ASSL (Realisations) Limited (in liquidation) China Food Company plc Fairfax Acquisitions Limited Fairfax Classical Properties Limited Flymenow Limited Pedstowe plc (formerly Humberts Group plc) Pedstowe (Kensington) Limited Westminster Growth Capital Limited	Arthur Sanderson & Sons (Holdings) Limited (dissolved) Arthur Sanderson & Sons (Scotland) Limited (dissolved) Atholl Ventures Limited (dissolved) Cameron Corporation Limited (dissolved) Gamma (Nelson) Limited M&C (Artworkers) Limited (dissolved) S of I Limited WM Wallpapers Limited
Michael Gretton	HMS Whimbrel (1942-49) Battle of the Atlantic Memorial St. Edward's School St Mary's School Shaftesbury Trust Tall Ships Youth Trust	Award Events Limited Farleigh House Trustee Limited The Award Scheme Limited
Thomas Vaughan	ART VPS Limited Bicknor Wilmot Limited Go Native Holdings Limited Katherine Hooker Limited Lamda Limited OVTV Limited Vestpac Plc Yachtinggateway.com Limited	AB428 Limited Blue Oar Plc Bodas Limited Insport Consultants Limited Mountcashel Employees Trustees Limited Mulberry Group Plc Transatlantic Centres for Trade Plc (dissolved)
Ray Ang	Asia Beauty International Investment Limited Hermes Financial Group (BVI) Limited Hermes Capital Limited Hermes Wealth Advisory Pte Ltd Linyi Van Science and Technique Co, Ltd Peace Yield Limited Prime Mega International Limited Vision Advisory Services	Honour Field International Limited
Susan Chong	–	–
Wang Yan Ting	Linyi Van Science and Technique Co, Ltd	Linyi Zhong Qiao Property Development PLC

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Nicholas Smith	4C Associates Limited Asian Citrus Holdings plc Plus Markets plc Plus Markets Group Limited The Earnshaw Partnership 9 Flies Limited Ophir Energy plc	Imprint plc

An administrative receiver of ASSL (Realisations) Limited (formerly Arthur Sanderson & Sons Limited) was appointed on 7 August 2003 and the company was placed into creditors' voluntary liquidation on 20 November 2003. Mr McLean was a director of that company on both such events, having been appointed on 26 June 1998 by Gamma Holdings NV to implement a strategic review of the business. Although the company did return to profitability while Mr McLean was a director, the company required additional funding both to grow and to complete the restructuring. However, it was not possible to obtain the additional funding for the company and so an administrative receiver and then a liquidator were appointed. The deficiency to creditors was £41.078 million.

An administrative receiver of Arthur Sanderson & Sons (Holdings) Limited was appointed on 7 August 2003 and the company was placed into creditors' voluntary liquidation on 20 November 2003. Mr McLean was a director of that company on both such events, having been appointed on 24 January 2001 by Gamma Holdings NV. Arthur Sanderson & Sons (Holdings) Limited was the parent company of ASSL (Realisations) Limited. After paying creditors, the surplus was £143,863.

10.13 Ray Ang is interested in the Hermes Option and the Hermes Convertible Loan by virtue of the fact he is a director of Hermes and a shareholder and director of Hermes Financial Group (BVI) Limited, the sole shareholder of Hermes.

10.14 Save as disclosed in this document, as at the date of this document, none of the Directors, Proposed Directors or senior managers has:

- (a) any unspent convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;
- (b) had a bankruptcy order made against him or entered into an individual voluntary arrangement;
- (c) been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the twelve months after he ceased to be so acting;
- (d) been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the twelve months preceding such event;
- (e) been subject to the receivership of any asset of such director or of a partnership of which the director was a partner at the time of or within twelve months preceding such event; or
- (f) been subject to any official public criticisms by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

10.15 Other than as set out in this document, none of the Directors, the Proposed Directors or the senior managers have been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

- 10.16 In the case of those Directors, Proposed Directors and the senior managers who have roles as directors of companies other than the Company, although there are no current conflicts of interest, it is possible that the fiduciary duties owed by those Directors, Proposed Directors or the senior managers to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Company.
- 10.17 Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors, the Proposed Directors and the senior managers to the Company and their duties to third parties.
- 10.18 Except for the Directors, the Proposed Directors and the senior managers set out in paragraph 6 of Part 1 of this document, the Board does not believe that there are any other senior managers who are relevant in establishing the Company, and that the Company has the appropriate expertise and experience for the management of its business.

11. Material contracts of the Company

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company since its incorporation or are other contracts that contain provisions under which the Company has an obligation or entitlement which is or may be material to the Company:

- 11.1 An agreement (“the 2007 Placing Agreement”) dated 19 October 2007 between the Company (1) the Directors (2) and FinnCap (3) conditional upon Admission (as defined therein) taking place on or before 8:00 a.m. on 24 October 2007 (or such later time and or date as the Company and FinnCap may agree being not later than 4:30 p.m. on 30 November 2007). Under the 2007 Placing Agreement, FinnCap with the assistance of the Company, shall seek to procure subscribers for 319,500,000 new Ordinary Shares (as defined therein) proposed to be issued by the Company at the Placing Price.

The 2007 Placing Agreement contains warranties from the Company and the Directors and indemnities from the Company in favour of FinnCap together with provisions which enabled FinnCap to terminate the 2007 Placing Agreement in certain circumstances prior to Admission (as defined therein), including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the 2007 Placing Agreement the Company agreed to pay FinnCap fees of £80,000.

Pursuant to the terms of the 2007 Placing Agreement, the Directors undertook that they would not dispose of Ordinary Shares save in accordance with the AIM Rules for a period of 12 months from the date of Admission (as defined therein) and then for a further 12 months will only dispose of Ordinary Shares through the Company’s broker from time to time.

- 11.2 A lock-in agreement dated 19 October 2007 (“the 2007 Lock-in”) between FinnCap (1), Albany (2), and the Company (3) pursuant to which Albany has agreed with FinnCap and the Company not to dispose of any ordinary shares in the Company held by it for a period of 12 months from the date of Admission (as therein defined) except in certain limited circumstances permitted by the AIM Rules. The 2007 Lock-in also contains certain orderly market provisions which apply for a further 12 months after expiry of such 12 month period.
- 11.3 An agreement between Albany and the Company dated 19 October 2007 (the “Relationship Agreement”) which states the number of Ordinary Shares held by Albany and sets out the terms by which Albany will conduct business with the Company. The Relationship Agreement seeks to regulate the relationship between Albany and the Company in such a manner as to enable the Company to carry on its business independently of Albany and provides that all transactions and relationships between the Company and Albany shall be at arm’s length and on normal commercial terms and subject in relation to certain matters to the consent of a majority of independent directors of the Company. The agreement contains undertakings by Albany relating to the exercise of its rights in the Company, including the exercising of its voting rights.
- 11.4 A Nominated Adviser and Broker Agreement dated 19 October 2007 between the Company (1), the Directors (2) and FinnCap (3) pursuant to which the Company has appointed FinnCap to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has

agreed to pay FinnCap a fee of £25,000 per annum for its services as Nominated Advisor and Broker under this agreement, such fee to increase to £45,000 per annum upon the Company completing its first material transaction. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and, thereafter, is subject to termination on the giving of three months' notice in writing.

11.5 The Company entered into an Agreement with FinnCap on 19 October 2007 (the "2007 Option Agreement") by which the Company irrevocably grants FinnCap subject to Admission the right to subscribe for 5,500,000 Ordinary Shares at a price of 1p per share. Such option may be exercised during the period commencing on the date of Admission and ending at midnight on the fifth anniversary of the date of Admission (as defined therein). The 2007 Option Agreement will be terminated at Admission and has not been exercised to date in whole or in part.

11.6 On 4 September 2008, the Company entered into the Acquisition Agreement with the Seller and certain warrantors including Hermes and Wang Yan Ting (the "**Warrantors**"). The principal terms of the Acquisition Agreement are as follows. The completion of the Acquisition is conditional upon the satisfaction of certain conditions including Admission, the passing of the Resolutions and the Placing Agreement becoming unconditional in all respects other than for completion of the Acquisition and Admission. The maximum consideration for the acquisition of the Honour Field Ordinary Shares is to be £20.12 million to be satisfied by the issue of up to 20,160,000 New Ordinary Shares credited as fully paid with an agreed value of 75 pence per share. 9,860,000 New Ordinary Shares will be allotted on Completion and up to a further 10,300,000 New Ordinary Shares will be allotted subject to the Honour Field Group achieving the Profit Target. In addition, on Completion 6,666,666 New Ordinary Shares will be allotted on conversion of the Albany Convertible Loans and the Hermes Convertible Loan. The Acquisition Agreement contains warranties as to title given by the Seller and warranties and indemnities relating to the contents of this document and the due diligence information provided to the Company being given by the Seller and the Warrantors. Warranties are also being given by the Company. The warranties are subject to restrictions as to amount and time.

The Seller's warranties are given to the Company as trustee for the benefit of the Shareholders immediately prior to Admission, *inter alia*, subject to certain limitations as to liability.

The Company is giving warranties, *inter alia*, in respect of its capacity to issue the Acquisition Shares and the contents of this document. The Company's warranties are given, *inter alia*, subject to certain limitations as to liability.

11.7 A placing agreement dated 4 September 2008 between FinnCap (1), the Directors and Proposed Directors (2), Ray Ang Wee Boon and others (3) and the Company (4), pursuant to which FinnCap has agreed to use its reasonable endeavours to arrange for placees to subscribe for 320,166 Placing Shares at the Placing Price. The agreement is conditional, *inter alia*, upon Admission taking place on or before 10 October 2008 or such later date as FinnCap and the Company may agree but in any event not later than 31 October 2008. The Company will pay to FinnCap a fee of £150,000 and a commission of 5 per cent. on the aggregate value of those Placing Shares procured by FinnCap at the Placing Price and a commission of 1 per cent. on the aggregate value of those Placing Shares procured by persons other than FinnCap at the Placing Price, together with all costs and expenses and VAT thereon where appropriate. The agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the Company's registrars and the fees payable to the London Stock Exchange.

The agreement contains certain warranties given by the Company and the Directors and Proposed Directors in favour of FinnCap as to the accuracy of information contained in this document and other matters and an indemnity from the Company and the Directors and Proposed Directors in favour of FinnCap.

FinnCap may terminate the placing agreement in specified circumstances prior to Admission, principally in the event of a material breach of the placing agreement or of any of the warranties contained in it or where any event of omission relating, to the Group is, or will be in the opinion of FinnCap, materially prejudicial to the successful outcome of the Placing, or where any change in national or international, financial, monetary, economic, political or market conditions is, or will be in the opinion of FinnCap, materially prejudicial to the successful outcome of the Placing.

- 11.8 A nominated adviser and broker agreement dated 4 September 2008 between the Company (1), FinnCap as nominated adviser and broker (2) and John McLean and the Proposed Directors (3) pursuant to which the Company has appointed FinnCap to act as nominated adviser and broker to the Company for the purposes of AIM for an initial period of 12 months commencing on the date of Admission and thereafter subject to either party giving to the other not less than 3 months notice in writing, such notice not to expire before the end of such initial period. The Company has agreed to pay to FinnCap a fee of £45,000 per annum.
- 11.9 A deed of termination dated 4 September 2008 between the Company (1) and FinnCap (2) pursuant to which the 2007 Option Agreement is to be terminated with effect from Admission.
- 11.10 A lock-in agreement dated 4 September 2008 entered into between the Seller, Hermes, Wang Yan Ting and Susan Chong Hooi San (together with FinnCap being “the Locked-in Persons”) (1), FinnCap (2) and the Company (3) pursuant to which each of the Locked-in Persons have agreed not to dispose of any interest in such number of New Ordinary Shares as are held by it at Admission or which it may acquire during the 12 month period following Admission pursuant to certain other specified arrangements including under the FinnCap Option Agreement, the Hermes Option Agreement or as Deferred Shares (“the Hard Locked-in Shares”) during the period expiring on the first anniversary of Admission (“the First Restricted Period”) without the consent of the Company and FinnCap (to be withheld in its sole discretion) or during the period commencing on the expiry of the First Restricted Period and expiry of the second anniversary of Admission without the prior written consent of FinnCap and the Company (not to be unreasonably withheld or delayed) and not to dispose of any New Ordinary Shares held by it other than the Hard Locked-in Shares at any time in the 2 year period following Admission in each case save in the event of an intervening court order, a takeover offer relating to the Company’s share capital becoming or being declared to be unconditional, or the death of a Locked-In Person, or certain specified transfers of Deferred Shares and further provided that any permitted sale shall be subject to certain orderly market provisions.
- 11.11 A lock-in agreement dated 4 September 2008 entered into between Albany (1), FinnCap (2) and the Company (3) pursuant to which Albany has agreed not to dispose of 4,621,700 New Ordinary Shares as are held by it at Admission (“the Third Locked-in Shares”) during the period expiring on the first anniversary of Admission (“the First Restricted Period”) without the consent of FinnCap and the Company (to be withheld in its sole discretion) or during the period commencing on the expiry of the First Restricted Period and expiry of the second anniversary of Admission without the prior written consent of FinnCap and the Company (not to be unreasonably withheld or delayed) and not to dispose of any other New Ordinary Shares held by it other than the Third Locked-in Shares at any time in the two year period following Admission in each case save in the event of an intervening court order, a takeover offer relating to the Company’s share capital becoming or being declared to be unconditional, or the death of the locked-in person and further provided that any permitted sale shall be subject to certain orderly market provisions.
- 11.12 On 4 September 2008, FinnCap and the Company entered into an option agreement (“**FinnCap Option Agreement**”) pursuant to which the Company granted to FinnCap an option to acquire 200,000 Ordinary Shares (the “**FinnCap Option Shares**”) at an option price of 75p per FinnCap Option Share. Under the terms of the FinnCap Option Agreement, FinnCap may exercise all or part its option any time during the “Option Period”, being the period commencing on the date of Admission and expiring on the fifth anniversary of such date (both dates inclusive). The FinnCap Option Agreement is conditional upon Admission.
- 11.13 On 4 September 2008, Hermes and the Company entered into an option agreement (“**Hermes Option Agreement**”) pursuant to which the Company granted to Hermes an option to acquire 400,000

Ordinary Shares (the “**Hermes Option Shares**”) at an option price of 75p per Hermes Option Share. Under the terms of the Hermes Option Agreement, Hermes may exercise all or part its option any time during the “Option Period”, being the period commencing on the date of Admission and expiring on the fifth anniversary of such date (both dates inclusive). The Hermes Option Agreement is conditional upon Admission.

12. Material contracts of the Honour Field Group

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by Honour Field or its subsidiary undertakings within the two years immediately preceding the date of this document or are other contracts that contain provisions under which Honour Field or one of its subsidiary undertakings has an obligation or entitlement which is or may be material to Honour Field or one of its subsidiary undertakings as at the date of this document:

- 12.1 On 28 July 2008, Honour Field and Albany entered into a convertible loan agreement (“**Albany Convertible Loan Agreement**”) under which Albany loaned a sum of £2,000,000 to Honour Field (the “**Albany Convertible Loan**”). Pursuant to the terms of the Albany Convertible Loan Agreement, the Albany Convertible Loan is subject to an interest rate of 15 per cent. per annum. The Albany Convertible Loan Agreement further provides that the Albany Convertible Loan shall be converted into shares in Honour Field upon the occurrence of a “Liquidity Event”, which definition under the Albany Convertible Loan Agreement includes a reverse takeover. Unless previously prepaid or converted into shares in Honour Field, the Albany Convertible Loan shall be repaid to Albany on the repayment date, being 12 months from the date of the Albany Convertible Loan Agreement.
- 12.2 On 28 July 2008, Honour Field and Hermes entered into a convertible loan agreement (“**Hermes Convertible Loan Agreement**”) under which Hermes loaned a sum of £1,000,000 to Honour Field (the “**Hermes Convertible Loan**”). Pursuant to the terms of the Hermes Convertible Loan Agreement, the Hermes Convertible Loan is subject to an interest rate of 15 per cent. per annum. The Hermes Convertible Loan Agreement further provides that the Hermes Convertible Loan shall be converted into shares in Honour Field upon the occurrence of a “Liquidity Event”, which definition under the Hermes Convertible Loan Agreement includes a reverse takeover. Unless previously prepaid or converted into shares in Honour Field, the Hermes Convertible Loan shall be repaid to Hermes on the repayment date, being 12 months from the date of the Hermes Convertible Loan Agreement.
- 12.3 On 21 April 2008, Honour Field entered into an agreement (“**LVST Acquisition Agreement**”) with Mr. Wang Yan Ting to acquire the entire issued share capital of LVST in consideration of RMB 47,194,712.06. Under the LVST Acquisition Agreement, the consideration price of RMB 47,194,712.06 was based on the NAV of LVST calculated as at 15 February 2008. LVST was converted to a WFOE after it was acquired by Honour Field.
- 12.4 In order to incentivise certain members of the proposed Board of the Company and other senior management of LVST (including Mr Wang Yan Ting, Mr Ray Ang and Ms Susan Chong) (the “**Management Team**”) so as to maximise the chance that Honour Field achieves the Profit Target, Prime Mega established a discretionary incentive arrangement (the “**Scheme**”) on 4 September 2008. Under the Scheme, Prime Mega may transfer up to 10,300,000 of the Acquisition Shares to members of the Management Team if the Profit Target is met. The identities of the transferees and the number of Acquisition Shares transferred are determined at the sole discretion of Prime Mega.
- 12.5 On 5 January 2006, Zheng Zhi Hao transferred 6 per cent. of the equity interest in LVST to Le Kai Rong, Wang Yan Ting transferred 3 per cent. of the equity interest in LVST to Le Kai Rong and 1 per cent. of the equity interest in LVST to Mao Qi Feng and Shao Ming Ming transferred 1 per cent. of the equity interest in LVST to Mao Qi Feng pursuant to four separate equity transfer agreements. Upon completion of these equity transfer agreements, Zheng Zhi Hao, Shao Ming Ming, Le Kai Rong, Liu Ju, Mao Qi Feng and Wang Yan Ting held 45 per cent., 9 per cent., 9 per cent., 5 per cent., 2 per cent. and 30 per cent. of the equity interest in LVST, respectively.
- 12.6 On 7 January 2008, each of Zheng Zhi Hao (as to 45 per cent.), Shao Ming Ming (as to 9 per cent.), Le Kai Rong (as to 9 per cent.), Liu Ju (as to 5 per cent.) and Mao Qi Feng (as to 2 per cent.) transferred the respective proportion of the equity interest in LVST held by them to Wang Yan Ting

pursuant to five separate equity transfer agreements. Upon completion of these equity transfer agreements, Wang Yan Ting became the sole equity interest holder of LVST.

- 12.7 On 20 November 2006, LVST entered into an agreement with the Administration Committee of the Economic Zone of Linyi Municipal People's Government pursuant to which LVST acquired the land use rights for a piece of land of approximately 45,000 sq.m. at East Side of East Binhe Road, Economic Zone, Linyi, PRC for a consideration of RMB15,095,278. The consideration for this acquisition has been fully paid and the land use rights certificate in relation to this plot of land has been issued to LVST.
- 12.8 On 12 July 2007, LVST entered into an agreement with the Administrative Committee of the High-tech Industrial Zone of Linyi Municipal People's Government pursuant to which LVST acquired the land use rights for a piece of land of approximately 14,000 sq.m. at South Side, West of Double Moon Lake Road, Linyi High-tech Industrial Development Zone, Linyi, PRC for a consideration of RMB5,301,600. The consideration for this acquisition has been fully paid and the land use rights certificate in relation to this plot of land is currently being processed and the Directors expect this to be issued to LVST shortly.

13. Related Party Transactions of the Company

Save for the transactions described in the agreements referred to in paragraph 11 of this Part 6, during the period from incorporation of the Company until the date of this document, the Company has not entered into any related party transactions.

14. Related Party Transactions of the Honour Field Group

Save for the transactions described in the agreements referred to in paragraph 12 of this Part 6, and the loan and guarantees set out below during the period from incorporation of the Honour Field Group until the date of this document, the Honour Field Group has not entered into any related party transactions.

- 14.1 During the period covered by the historical financial information relating to the Honour Field Group certain bank loan facilities of LVST were guaranteed by Shan Dong Chao Yue Dian Lei She Bei Company Limited (of which Zheng Zhi Hao's brother is the legal representative) and Lin Yi Shi Hua Sheng Mao Yi Company Limited (of which Wang Yan Ting is the legal representative). The maximum aggregate amount guaranteed during the period was approximately RMB13,000,000. Further details of the loans are given in note 18 of Part 4 of this document.
- 14.2 LVST proposes to enter into an RMB loan agreement ("**LVST Loan Agreement**") with one An Yu, a PRC resident and a Director of Hermes, under which LVST will borrow a sum of RMB 48,000,000 from An Yu in order to finance the purchase of machinery and equipment. Under the terms of the LVST Loan Agreement, the period of the loan is from 1 October 2008 to 30 September 2009, and interest on the loan is charged at a rate of 9 per cent. per annum. The loan will be guaranteed by Wang Yan Ting.

15. Irrevocable undertakings

- 15.1 The Company has received irrevocable undertakings from Thomas Vaughan, who holds 2,500,000 Ordinary Shares representing approximately 0.7 per cent. of the Existing Ordinary Shares, to vote in favour of the Resolutions to be proposed at the EGM.
- 15.2 The Company has received further irrevocable undertakings from Albany who hold 269,600,020 Ordinary Shares representing approximately 71.9 per cent. of the Existing Ordinary Shares, to vote in favour of Resolutions to be proposed at the EGM.

16. Intellectual Property

16.1 *The Company*

The Company is not dependent on any patents, intellectual property rights, licences or particular contracts which are of material importance to the Company's business or profitability.

16.2 *Honour Field Group*

16.2.1 In addition to the registration of the domain names set out in paragraph 16.2.2 below, the Honour Field Group currently owns the rights to the following trademark in the PRC:

<i>Registered Number</i>	<i>Trade Mark</i>	<i>Class</i>	<i>Valid Term</i>	<i>Owner</i>
3478980	 GOLD VAN 金光棒 (JINXIANFENG)	Class 1 chemicals for food antiseptics; chemical for food preservatives; beer clarifier and preservatives;	21 November 2004 to 11 November 2014	LVST

16.2.2 The Honour Field Group is the registered owner of the following domain names:

<http://www.vanchemical.com>

<http://www.goldvan.cn>

16.3 *None of the members of the Honour Field Group:*

16.3.1 has entered into any trade mark licensing arrangements with a third party or each other; and

16.3.2 is using other intellectual property rights without the appropriate authorisation or licence.

16.4 Other than the trade mark mentioned in paragraph 16.2.1 above and the domain names set out in paragraph 16.2.2 above, the Honour Field Group has confirmed that it does not own any other intellectual property rights, registrable or otherwise.

17. **Working capital**

Taking into account the net proceeds of the Placing and existing cash resources, the Directors and the Proposed Directors are of the opinion, having made due and careful enquiry, that the Enlarged Group will have sufficient working capital for its present requirements, that is, for at least twelve months from the date of Admission.

18. **Litigation**

18.1 *The Company*

The Company is not involved nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since incorporation which may have or have had in the recent past a significant effect on the Company's financial position or profitability.

18.2 *The Honour Field Group*

No member of the Honour Field Group is or has been engaged in any governmental, legal or arbitration proceedings which have had or may have a significant effect on the Honour Field Group's financial position or profitability during the twelve months preceding the date of this document and so far as the Directors and Proposed Directors are aware, there are no such proceedings pending or threatened by or against any member of the Honour Field Group.

19. **Property, Plant and Equipment**

19.1 *The Company*

As at the date of this document, the Company does not own or lease any physical assets including (without limitation) any real property, plants or equipment.

19.2 *The Honour Field Group*

The following table sets out the details of all real property owned or leased by the Honour Field Group:

<i>Nature of right</i>	<i>Address</i>	<i>Area (sq m)</i>	<i>Tenure</i>	<i>Proprietor</i>	<i>Encumbrances</i>
Land use right	Lot no. 401/3/029, West of Double Moon Lake Road, Linyi High Tech Industrial Development Zone	33,044.66	17 February 2003 to 16 February 2053	LVST	This land use right has been mortgaged on 30 June 2008 to the Industry and Commerce Bank of China (Shizhong Branch) in connection with a RMB 14,000,000 loan (further details of which are set out in paragraph 12 of Part 6 of this document) under which this mortgage has been granted and registered with Real Estate Trading Centre of Linyi City.
Land use right	Lot no. 503/3/019 East of Binhe Road, Economic Zone	45,743.5	20 December 2007 to 20 December 2057	LVST	Nil
Land use right*	South Side, West of Double Moon Lake Road, Linyi High-tech Industrial Development Zone	14,726.6	Application pending*	LVST	–
Ownership of building	Lin Fang Quan Zheng Luozhuang District Zi No.32050001 (临房权证罗庄区字第32050001号)	2,414.64	–	LVST	This building has been mortgaged on 30 June 2008 to the Industry and Commerce Bank of China (Shizhong Branch) in connection with a RMB 14,000,000 loan (further details of which are set out in paragraph 12 of Part 6 of this document) under which this mortgage has been granted and registered with Real Estate Trading Centre of Linyi City.

* the consideration for the acquisition of this property has been fully paid. The land use right certificate is currently being processed and the Directors expect this to be issued to LVST.

<i>Nature of right</i>	<i>Address</i>	<i>Area (sq m)</i>	<i>Tenure</i>	<i>Proprietor</i>	<i>Encumbrances</i>
Ownership of building	Lin Fang Quan Zheng Luozhuang District Zi No.32050002 (临房权证罗庄区字第32050002号)	41	–	LVST	This building has been mortgaged on 30 June 2008 to the Industry and Commerce Bank of China (Shizhong Branch) in connection with a RMB 14,000,000 loan (further details of which are set out in paragraph 12 of Part 6 of this document) under which this mortgage has been granted and registered with Real Estate Trading Centre of Linyi City.
Ownership of building	Lin Fang Quan Zheng Luozhuang District Zi No.32050003 (临房权证罗庄区字第32050003号)	3,688.04	–	LVST	This building has been mortgaged on 30 June 2008 to the Industry and Commerce Bank of China (Shizhong Branch) in connection with a RMB 14,000,000 loan (further details of which are set out in paragraph 12 of Part 6 of this document) under which this mortgage has been granted and registered with Real Estate Trading Centre of Linyi City.
Ownership of building	Lin Fang Quan Zheng Luozhuang District Zi No.32050004 (临房权证罗庄区字第32050004号)	4,732.58	–	LVST	This building has been mortgaged on 30 June 2008 to the Industry and Commerce Bank of China (Shizhong Branch) in connection with a RMB 14,000,000 loan (further details of which are set out in paragraph 12 of Part 6 of this document) under which this mortgage has been granted and registered with Real Estate Trading Centre of Linyi City.

20. Employees

20.1 *The Company*

As at the date of this document, the Company does not have any full-time employees.

20.2 *The Honour Field Group*

As at the date of this document, the Honour Field Group has 296 full-time employees. The details of their deployment is as follows:

Employer: LVST

<i>Designation</i>	<i>Number</i>
Management	3
Executive staff	14
Human Resources Department	2
Finance & Management Department	10
Technical Development Center	3
International Marketing Department	4
Domestic Marketing Department	5
Logistics Procurement Department	6
Security and Environment Department	14
Engineering Department	18
Quality Control Department	16
Workshop I	19
Workshop II	82
Workshop III	51
Engine House	23
Production Technology Department	26
Total:	296

21. Middle market quotations

The closing middle market quotations of the Ordinary Shares as derived from the AIM appendix of the Daily Official List of the London Stock Exchange for the first dealing day of each of the six months immediately prior to the date of this document, and on 3 September 2008, being the last business day prior to the date of this document were as follows:

<i>Date</i>	<i>Pence per Ordinary Share</i>
1 April 2008	1.25
1 May 2008	1.25
2 June 2008	1.05
1 July 2008	1.05
1 August 2008	1.05
1 September 2008	1.05
3 September 2008	1.05

22. Consents and other information

22.1 FinnCap has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.

22.2 The reporting accountants, Mazars, have given and not withdrawn their written consent to the inclusion in this document of their reports and letters contained in Parts 4 and 5 and references thereto and to their name in the form and context in which they appear.

22.3 The financial information relating to Ninety and the Honour Field Group contained in this document does not comprise statutory accounts for the purposes of section 240 CA 1985. This financial information has been prepared in accordance with the law and the Directors and Proposed Directors accept responsibility for it.

- 22.4 Save as disclosed in this document, the Directors and Proposed Directors are not aware of any exceptional factors which have influenced the Company's or Honour Field's activities. There has been no public takeover bid for the whole or any part of the share capital of the Company or any member of the Enlarged Group prior to the date of this document.
- 22.5 There has been no material change in the financial or trading position of the Company since 29 February 2008, the date to which the last published unaudited interim accounts were prepared.
- 22.6 Save for the transactions disclosed in paragraph 12 above, there has been no material change in the financial or trading position of the Honour Field Group since 30 June 2008, the date to which the latest interim financial information set out in Part B of Part 4 was prepared.
- 22.7 Except as disclosed in this document, neither the Company nor the Honour Field Group is dependent on patents or licences or industrial, commercial or financial contracts or new manufacturing processes which are material to its business or profitability.
- 22.8 Except as disclosed in this document, there are no significant authorised or contracted capital commitments of the Company or the Honour Field Group at the date of publication of this document.
- 22.9 Save as disclosed in this document, the Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 22.10 Save as disclosed in this document, the Directors are not aware of any acquisition rights and/or obligations over the authorised but unissued capital of the Company.
- 22.11 The total costs and expenses of, or incidental to, the Acquisition, the Placing and Admission inclusive of commissions and stamp duty are estimated at approximately £780,000 plus applicable VAT and are payable by the Company and Honour Field.
- 22.12 Save as disclosed in this document, the Company is not aware of any material environmental issues affecting the utilisation of the property, plant or equipment of the Enlarged Group.
- 22.13 Save as disclosed in paragraph 22.23 below and for the advisers named on pages 10 and 11 of this document and trade suppliers, no person has received, directly or indirectly, from the Company within the twelve months preceding the date of this document or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more or any other benefit with a value of £10,000 or more at the date of Admission.
- 22.14 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 22.15 Ordinary Shares are issued and allotted in registered form under the laws of England and Wales and their currency is pounds sterling. No admission to listing or trading of the New Ordinary Shares is being sought on any stock exchange other than AIM.
- 22.16 It is expected that CREST accounts will be credited as applicable on the date of Admission. The ISIN of the New Ordinary Shares is GB00B3CX3F30. Where Subscribers have requested to receive their New Ordinary Shares in certificated form, share certificates will be despatched by first class post within 14 days of the date of Admission. All documents sent to, from, by or on behalf of Shareholders are sent entirely at their own risk.
- 22.17 Temporary documents of title will not be issued in relation to the New Ordinary Shares.
- 22.18 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 22.19 The total proceeds of the Placing expected to be raised by the Company are £0.24 million which will not exceed the expenses (including expenses for the Acquisition), which are estimated at £0.76 million

(excluding VAT as applicable). The Placing Price represents a premium of 69p to the nominal value of each New Ordinary Share.

- 22.20 Pursuant to Chapter 5 of the United Kingdom Listing Authority Disclosure and Transparency Rules (Disclosure and Transparency Rules) a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules. Certain voting rights held by investment managers, unit trusts, OEICS and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.
- 22.21 Provisions of sections 979 to 991 of the Companies Act 2006 contain provisions, which apply in certain circumstances, to require and entitle persons making a takeover offer for the shares in the Company and who acquire 90 per cent. or more of the shares to which such offer relates (if all other conditions of that offer have been satisfied or waived) to acquire and for the holders of shares in the Company to be entitled and required to sell the shares held by the shareholders that have not accepted the offer, in each case on a mandatory basis and on the same terms as the takeover offer.
- 22.22 The Company has no investments other than new cash assets.
- 22.23 Pursuant to an agreement dated 4 September 2008, the Company agreed to pay to Albany, a substantial Shareholder in the Company, a fee of £125,000 on Admission in respect of transaction management services provided to the Company by Albany in connection with the Proposals and an annual service fee of £25,000 with effect from Admission in respect of the provision of a registered office and related administrative services.

23. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekdays, Saturdays, Sundays and public holidays excepted, at the offices of Stephenson Harwood for a period of one month from the date of this document:

- (a) the memorandum and articles of association of the Company and Honour Field and the new Articles;
- (b) the financial information on each of the Company, Honour Field and LVST set out in Parts 3 and 4 of this document;
- (c) the service agreements and letters of appointment referred to in paragraph 10 above;
- (d) the material contracts referred to in paragraphs 11 and 12 above;
- (e) the written consents of FinnCap and Mazars referred to in paragraphs 22.1 and 22.2 respectively;
- (f) the irrevocable undertakings referred to in paragraphs 15.1 and 15.2 above;
- (g) the reports from Mazars on the historical financial information of the Company for the period ended 29 February 2009, on Honour Field for the period ended 31 December 2007 and on LVST for the three years ended 31 December 2007 and the six months ended 30 June, set out in Parts 3 and 4 of this document; and
- (h) the letter from Mazars on the unaudited pro forma financial information for the Enlarged Group set out in Part 5 of this document.

4 September 2008

APPENDIX I

SUMMARY OF THE RELEVANT LAWS AND REGULATIONS IN THE PRC

The following information is a summary of the salient PRC laws and regulations:

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations and directives. Decided court cases do not constitute binding precedents.

The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC.

The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue administrative orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the people's congresses of provinces and municipalities and their standing committees may enact local rules and regulation and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

Rules, regulations or directives may be enacted or issued at the provincial or municipal level or by the State Council of the PRC or its ministries and commissions in the first instance for experimental purposes. After sufficient experience has been gained, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全国人大常委会关于加强法律解释工作的决议) passed on 10 June 1981, the Supreme People's Court has the power to give general interpretation on application of laws in judicial proceedings apart from its power to issue specific interpretation in specific cases. The State Council and its ministries and commissions are also vested with the power to give interpretation of the rules and regulations which they promulgated. At the regional level, the power to give interpretation of regional laws is vested in the regional legislative and administration organs which promulgate such laws. All such interpretations carry legal effect.

JUDICIAL SYSTEM

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution (中华人民共和国宪法) and the Law of the Organisation of the People's Courts of the People's Republic of China (中华人民共和国人民法院组织法), the People's Courts comprise the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts are divided into civil, criminal, administrative and enforcing divisions.

The intermediate people's courts have divisions similar to those of the basic people's courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The

judicial functions of people's courts at lower levels are subject to supervision of people's courts at higher levels. The people's procurators also have the right to exercise legal supervision over the proceedings of people's courts of the same and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the people's courts of all levels. The people's courts adopt a two-tier final appeal system. A party may before the taking effect of a judgment or order, appeal against the judgment or order of the first instance of a local people's court to the people's court at the next higher level. Judgments or orders of the second instance of the same level and at the next higher level are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a final and binding judgment which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be conducted according to the judicial supervision procedures.

In addition, if the Supreme People's Procuratorate finds certain error prescribed by the Civil Procedure Law in a final and binding judgment made by a people's court at any level, or if a people's procuratorate at a higher level finds certain error in final and binding judgment or order made by a people's court at a lower level the Supreme People's Procuratorate or the people's procuratorate at a higher level shall respectively lodge a protest in accordance with the procedure for trial supervision. If a local people's procuratorate at any level finds certain error in the judgment or order made by a people's court at the corresponding level, it shall refer the matter to the people's procuratorate at a higher level for a protest to be lodged by the latter in accordance with the procedure for trial supervision. Cases protested by the people's procuratorate shall be retried by the people's court.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China (中华人民共和国民事诉讼法) (the "Civil Procedure Law") adopted on 9 April 1991. The Civil Procedure Law contains regulations on the institution of a civil action, the jurisdiction of the people's courts, the procedures in conducting a civil action, the trial procedures and the procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement by the parties to a contract provided that the jurisdiction of the people's court selected has some actual connection with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or implemented in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. A foreign national or foreign enterprise is accorded the same litigation rights and obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the people's court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months.

A party seeking to enforce a judgment or order of a people's court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the people's courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the people's court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (中华人民共和国仲裁法) (the "Arbitration Law") was promulgated by the Standing Committee of the NPC on 31 August 1994 and came into effect on 1 September 1995. It is applicable to, among other matters, trade dispute involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the

promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial law related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity; and (2) the PRC would only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

COMPANY LAW

On 29 December 1993, the Standing Committee of the Eighth National People's Congress of the PRC promulgated the Company Law of the PRC which came into effect on 1 July 1994 and was amended on 25 December 1999, 28 August 2004 and 27 October 2005. Companies established under laws, administrative regulations, local laws and the Standard Opinion for Companies Limited by shares and Limited Liability Companies formulated by the relevant departments of the State Council before the implementation of the Company Law will not be affected by the Company Law and shall continue to be recognised. Those companies which have not totally complied with the provisions of the Company Law shall comply with the relevant requirements within a specified period of time. The State Council may separately promulgate detailed implementing measures.

A "limited liability company" refers to a company whose shareholders are responsible for the debts of the company in the amount equivalent to the amount of capital they contribute to the registered capital of the company. The company bears responsibility for its debts equivalent to the value of its total assets.

A "company limited by shares" refers to a company whose total capital is divided equally amongst shares of equivalent value. The liability of the shareholders is limited to the extent of the shares held by them, and the liability of the company is limited to the full amount of all the assets owned by it.

Establishment of limited liability companies and companies limited by shares must be in compliance with the requirements stipulated in the Company Law. The following conditions must be fulfilled in order to establish a limited liability company:

- (a) joint capital contribution by not more than 50 shareholders;
- (b) the minimum amount of registered capital of RMB30,000 must be met;

- (c) the company's articles of association is to be formulated jointly by the shareholders;
- (d) the company shall have a name and organisational structure commensurate with that of a limited liability company; and
- (e) the company shall have a domicile.

A company limited by shares may be established if the following conditions are fulfilled:

- (a) there shall be 2 to 200 promoters with a majority domicile in the PRC;
- (b) the minimum registered capital requirement of RMB5.0 million must be met;
- (c) share issue arrangements are in compliance with the provisions of PRC Law;
- (d) the company's articles of association shall be formulated by the promoters and adopted by the founding meeting;
- (e) the company shall have a name and organisational structure commensurate with that of a company limited by shares; and
- (f) the company shall have a domicile.

The company may invest in other limited liability companies and companies limited by shares and the company's liabilities with respect to such invested companies are limited to the amount invested.

Article 15 of the Company Law (amended and adopted on October 27, 2005) states that a company may invest in other enterprises. However, it shall not act as a contributor which bears joint liability of an invested enterprise unless otherwise provided for by any law.

The promoters are prohibited from transferring their shares in a company limited by shares within one year commencing from the date of incorporation of the company.

FOREIGN EXCHANGE CONTROL

Major reforms have been introduced on the foreign exchange control system of the PRC since 1993.

The People's Bank of China ("PBOC"), with the authorisation of the State Council, issued on 28 December 1993 the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的公告) and on 26 March 1994 the Provisional regulations on the Settlement, Sale and Payment of Foreign Exchange which both came into effect on 1 April 1994. On 29 January, 1996, the State Council promulgated the Rules of the People's Republic of China on Foreign Exchange Control (中华人民共和国外汇管理条例) which took effect on 1 April 1996. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定), which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration for Foreign Exchange ("SAFE") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for foreign investment enterprises may only be conducted through authorised banks.

On 14 January 1994, the State Council amended and re-promulgated the Rules of the PRC on Foreign Exchange Control by segregating international earnings into current activities and capital activities. Except for foreign exchange relating to capital activities, the use of foreign exchange for current activities does not require the approval from the Foreign Exchange Control Department.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC.

Under the new regulations, the previous dual exchange rate system for RMB was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The People's Bank of China, having regard to the trading prices between RMB and major foreign currencies on the interbank

foreign exchange market, publishes on each bank business day the RMB exchange rates against major foreign currencies.

In general, all organisations and individuals within the PRC, including foreign investment enterprises, are required to remit their foreign exchange earnings to the PRC. In relation to PRC enterprises, their recurrent foreign exchange earnings are generally required to be sold to designated banks unless specifically approved otherwise. Foreign investment enterprises (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises), on the other hand, are permitted to retain certain percentage of their recurrent foreign exchange earnings and the sums retained may be deposited into foreign exchange bank accounts maintained with designated banks. Capital foreign exchange earnings must be deposited into foreign exchange bank accounts maintained with designated banks and can generally be retained in such accounts.

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents without the need for any prior approvals of the State Administration of Foreign Exchange.

In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a foreign investment enterprise to its foreign investment party, then, subject to the due payment of tax on such dividends, the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan and other supporting documents of that enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval of the foreign exchange administration authority is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or to enter into any other capital account transaction involving the purchase of foreign exchange.

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre (“CFETC”) was formally established and came into operation on 1 April 1994. The CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through Swap Centre or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap Centres became restricted to conducting foreign exchange transactions between authorised banks and inter-bank lending between PRC banks.

On 21 July 2005, the public announcement of the People’s Bank of China of Reforming the RMB Exchange Rate Regime was promulgated and RMB will no longer be pegged to the US\$ accordingly. The RMB exchange rate system will be improved with reference to a basket of currencies and with greater flexibility.

According to the Circular of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Control on Financing and Reverse Investment Through Overseas Special Purpose Vehicles by Domestic Residents “国家外汇管理局关于内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知” (the “Notice 75”) issued on 21 October 2005 by SAFE, a domestic resident shall, before establishing or controlling an overseas special purpose company (the “SPC”), being the prescriptive materials to the local branch of SAFE (the “SAFE Branch”) to apply for going through the procedures for foreign exchange registration of overseas investments. SAFE Branch shall, after examining and checking the materials to be inerrant, affix the special seal for foreign exchange business for capital account transactions on the “Certificate of Foreign Exchange Registration of Overseas Investments” or the “Form of Foreign Exchange Registration of Overseas Investments of the Domestic Individual Resident”. Where a domestic resident contributes the assets or stock

rights of a domestic enterprise it owns into a SPC, or engages in stock right financing abroad after contributing assets or stock rights into a SPC, it shall go through the procedures for modification of foreign exchange registration of overseas investments with regard to the net asset equities of the SPC it holds. After an SPC accomplishes overseas financing, the domestic resident may, according to the plan on use of funds as stated in the business plans or the prospectus, transfer the funds which ought to be arranged for use inside PRC into PRC. A domestic resident, may after accomplishing the procedures for foreign exchange registration of overseas investments or for modification thereof in accordance with the legal provisions, pay the profits, dividends, liquidation expenses, stock right assignment expenses, capital decrease expenses, etc. to the SPC. Where an SPC meets with a major capital modification event such as capital increase or decrease, stockrights or credits or provision of guarantee to a foreign party, and is not involved in return investment (the "Major Events"), the PRC resident shall, within 30 days as of a Major Event, apply to the SAFE Branch for going through the procedures for modification or filing of the foreign exchange registration of the overseas investment.

TAXATION

The applicable income tax laws, regulations, notices and decisions related to foreign investment enterprises and their investors (collectively referred to as "Applicable Foreign Enterprises Tax Law") include the following:

(a) ***Enterprise income tax***

On 16 March 2007, the National People's Congress adopted the new PRC Enterprise Income Tax Law (中华人民共和国企业所得税法), or the EIT Law, which became effective from 1 January 2008 and replaced the separate income tax laws for domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25 per cent. for most enterprises. In addition, on 26 December 2007, the State Council issued the Implementation Rules for the EIT Law (中华人民共和国企业所得税法实施条例), which became effective simultaneously with the EIT Law. On 26 December 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the EIT Law (国务院关于实施企业所得税过渡优惠政策的通知), or the Transition Preferential Policy Circular, which became effective upon promulgation. According to these regulations, the PRC will revoke many of the current tax exemption, reduction and preferential treatments, but permit companies to continue enjoying their existing preferential tax treatments, subject to transitional rules as stipulated in the Transition Preferential Policy Circular.

(b) ***Value added tax***

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax promulgated by the State Council came into effect on 1 January 1994. Under these regulations and the Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax, value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC. Value added tax payable in the PRC is charged on an aggregated basis at a rate of 13.0 per cent. or 17.0 per cent. (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17.0 per cent. on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and services in the same financial year.

(c) ***Business tax***

With effect from 1 January, 1994, businesses that provide services (except entertainment business), assign intangible assets or sell immovable property became liable to business tax at a rate ranging from 3.0 per cent. to 5.0 per cent. of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

(d) ***Tax on dividends from PRC enterprise with foreign investment***

According to the Applicable Foreign Enterprise Tax Law, income such as dividends and profits distribution from the PRC derived from a foreign enterprise which has no establishment in the PRC is subject to a 20.0 per cent. withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable Foreign Enterprises Tax Law. The profit derived by a foreign investor from a PRC enterprise with foreign investment is exempted from PRC tax according to the Applicable Foreign Enterprises Tax Law.

WHOLLY FOREIGN-OWNED ENTERPRISES (“WFOE”)

WFOEs are governed by the Law of the People’s Republic of China on Wholly Foreign-owned Enterprises promulgated on 12 April 1986, amended on 31 October 2000 and its Implementation Regulation which was promulgated on 12 December 1990, amended on 12 April 2001.

(a) ***Procedures for establishment of a WFOE***

The establishment of a WFOE will have to be approved by Ministry of Commerce (“MOFCOM”) (or its delegated authorities). A WFOE must also obtain a business licence from the State Administration of Industry and Commerce or local Administration of Industry and Commerce before it can commence business.

(b) ***Nature***

WFOE is an enterprise wholly invested and owned by foreign investor(s), it may be a limited liability company or a company limited by shares under the Company Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. The liabilities of the investor(s) of WFOE are limited to the amount of the registered capital contributed. The investors may make its contributions by installments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations.

(c) ***Profit distribution***

After payment of taxes, WFOEs should make contributions to a reserve fund, employee bonus and welfare fund and enterprise development fund. The allocation ratio for the funds may be determined by the WFOEs. The enterprise is prohibited from distributing dividends unless the losses (if any) of the previous years have been made up.

ENVIRONMENTAL PROTECTION LAWS

(a) ***Environmental Protection Law***

In accordance with the Environmental Protection Law of the PRC adopted by the Standing Committee of the NPC on 26 December 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company’s business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the

operation of construction, production and other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection and obtain discharge permits for such discharge and pay any fines imposed for the discharge. A fee may also be imposed on the company for the cost of any work required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment to its original state or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment to its original state or remedy the effects of the pollution within the prescribed time will be penalised or have their business licences terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate any losses or damages suffered as a result of such environmental pollution.

(b) ***Atmospheric Pollution Prevention and Control Law***

The Atmospheric Pollution Prevention and Control Law of PRC was promulgated by the Standing Committee of the NPC on 5 September 1987 and amended on 29 August 1995 and 29 April 2000.

In accordance with the Atmospheric Pollution Prevention and Control Law, the State takes measures to control or gradually reduce the total amount of the main atmospheric pollutants discharged. The local people's governments at various levels shall be responsible for the quality of the atmospheric environment under their own jurisdictions, making plans and taking measures to make the quality of the atmospheric environment under their own jurisdictions meet the prescribed standard. The administrative department of environmental protection under the State Council shall establish national standards for atmospheric environment quality. The people's governments of provinces, autonomous regions and municipalities directly under the central government may establish their local standards for items not specified in the national standards for atmospheric environment quality and report the same to the administrative department of environmental protection under the State Council for the record.

New construction projects, expansion or reconstruction projects which discharge atmospheric pollutants shall be governed by the State regulations concerning environmental protection for such projects. An environmental impact statement on construction projects shall include an assessment of the atmospheric pollution the project is likely to discharge and its impact on the ecosystem, stipulate the preventive and curative measures. The statement shall be submitted, according to the specified procedure, to the administrative department of environmental protection concerned for examination and approval. When a construction project is to be put into operation, its facilities for the prevention of atmospheric pollution must be checked and accepted by the administrative department of environmental protection. Construction projects that do not fulfil the requirements specified in the State regulations concerning environmental protection shall not be permitted to begin operation.

Where atmospheric pollutants are discharged, discharge permits must be obtained and the concentration of the said pollutants may not exceed the standards prescribed by the State and local authorities. Enterprises shall give priority to the adoption of clean production techniques that are instrumental to high efficient use of energy and to reducing the discharge of pollutants so as to decrease the discharge of atmospheric pollutants. The State shall eliminate backward production techniques and equipment that seriously pollutes the atmospheric environment.

Where any newly built or expanded thermal power plants and other large or medium-sized enterprise that discharge sulphur dioxide more than the prescribed standards for pollutants discharge or the quota of total control allowed, supporting facilities for desulphurisation and dust removal must be installed or other measures for controlling the discharge of sulphur dioxide or for dust removal must be adopted. In the acid rain control areas or the sulphur dioxide pollution control areas, if an existing enterprise discharges atmospheric pollutants more than the standards for pollutants discharge allowed, the discharge of atmospheric pollutants of the enterprise shall be controlled within a time limit. The

State encourages enterprises to adopt advanced technology for desulphurisation and dust removal. Inflammable gas engendered during industrial production shall be recovered for utilisation; if such gas is discharged into the atmosphere due to the lack of recovery facilities for utilisation, it shall undergo treatment for the prevention and control of pollution.

(c) ***Water Pollution Prevention and Control Law***

The Water Pollution Prevention and Control Law of PRC was first promulgated on 11 May 1984 and was amended on 15 May 1996. It regulates various aspects of prevention and control of water pollution in the PRC.

Under the Water Pollution Prevention and Control Law, it is broadly provided that water resources should be used in a well-planned and prudent manner. Industrial enterprises in different localities should undertake technological innovation so as to ensure proper use of water resources and to reduce the volume of wastewater and other pollutants emitted. It also generally provides for the establishment of protection zone for potable water and stringent measures to prohibit any activities which may pollute potable water.

Under the Water Pollution Prevention and Control Law, local governments are charged with the functions of proper allocation of water resources, proper industrial development planning and town planning with water pollution prevention and control being taken into account. The local environmental protection authorities are in charge of implementing unified supervision and administration of water pollution prevention and control.

New projects, expanded or reconstructed projects which discharge pollutants into water shall be subject to the state provisions concerning environmental protection for such projects. The environmental impact statement of a construction project shall assess the water pollution hazards the project is likely to produce and its impact on the ecosystem, with prevention and control measures provided therein; the statement shall be submitted to the environmental protection authorities concerned for review and approval. Facilities for the prevention and control of water pollution at a construction project must be designed, built and commissioned together with the principal part of the project. Such facilities must be inspected by the environmental protection authorities. If they do not conform to the specified requirements, the said project shall not be permitted to be put into operation.

Enterprises that discharge pollutants into a water body shall, pursuant to the provisions of the environmental protection authority of State Council, report to and register with their local environmental protection authorities their existing treatment and discharge facilities for pollutants and the categories, quantities and concentrations of pollutants discharged under their normal operating conditions and also submit to the same authorities the relevant technical information concerning the prevention and control of water pollution.

Enterprises that discharge pollutants into a water body shall obtain a discharge permit and thereafter pay a discharge fee as provided for by the State. If the discharge of pollutants exceeds the limits set by national or local standards, they shall pay a fee for excess discharge.

Urban sewage shall be disposed of in a centralised way. Competent authorities under the State Council and local people's governments at various levels must incorporate into their plans of municipal construction the protection of urban water sources and the prevention and control of urban water pollution, construct and perfect municipal drainage systems, and construct urban sewage treatment facilities in a planned way, in order to strengthen the comprehensive improvement of urban water environment. Urban sewage treatment facilities shall be used to provide paid service of sewage treatment for pollutant dischargers, and the fee for sewage treatment shall be collected to ensure the normal running of sewage treatment facilities. Where sewage is discharged into urban sewage treatment facilities and the fee for sewage treatment has been paid therefore, the pollutants discharge fee shall not be levied.

LAWS RELATING TO THE FOOD ADDITIVE BUSINESS

Food Additive Companies in the PRC are governed by two major laws as follows:

- (a) China Food and Health Act (中华人民共和国食品卫生法) which was promulgated by the 8th National People's Congress Standing Committee of People's Republic of China (中华人民共和国第八届全国人民代表大会常务委员会) and came into effect on 30 October 1995. Under this Act, there is a requirement for food production companies to get a health licence from the Health Ministry before they can carry out the production of food products. The Health Ministry will examine relevant food ingredients, packaging and equipment to ensure compliance with the relevant health regulations. Existing staff involved in food production have also to undergo annual health checkups and new staff have to undergo mandatory health checkups upon joining the Company before they are allowed to work.
- (b) Health Regulations Relating to the Food Additive Business (食品添加剂卫生管理办法) was released by the Ministry of Health on 11 December 2001 and came into effect on 1 July 2002. The regulation states that the production of food additives shall be subject to the national health standard and health requirement. An enterprise involved in the food additive business shall not commence production unless it has obtained the required sanitation licenses and production permits from the competent health authority.

COMPETITION LAW

The principal legal provisions governing market competition are set out in the PRC Competition Law, which was promulgated on 2 September 1993 and effective on 1 December 1993. The PRC Competition Law stipulates that business operators shall not undermine their competitors by engaging in the following market activities:

- The infringement of trademark rights or confidential business information;
- False publicity through advertising or other means;
- Forgery or dissemination of false information that compromises the goodwill of competitors or the reputation of their products; and
- Other improper practices including commercial bribery, cartels, dumping sales at below-cost prices and offering promotions as sales rebates illegally.

Violations of the PRC Competition Law may result in fines. In serious cases, revocation of business licenses and criminal liability may result.

CONSUMER PROTECTION LAW

The principal legal provisions for the protection of consumer interests are set out in the PRC Consumer Protection Law, which was promulgated on 31 October 1993 and became effective on 1 January 1994. The PRC Consumer Protection Law provides behavioural standards that business operators must abide by in their dealings with consumers including:

- Consumer goods and services must comply with the PRC Product Quality Law and other relevant laws and regulations. This includes requirements regarding personal safety and property protection.
- Operators must provide consumers with true information and advertising concerning goods and services. Operators must additionally provide true and clear answers to questions raised by consumers concerning the quality and use of goods or services provided.
- Operators must issue purchase or service vouchers to consumers in accordance with relevant national regulations and business practices or upon the request of the consumer.

- Operators must ensure the quality, functionality, application and duration of use of goods or services provided under normal use. Operators must also ensure that the actual quality of goods and services provided are consistent with displayed advertising materials, product descriptions and samples.
- Operators must properly perform responsibilities for guaranteed repair, replacement, return and other liabilities in accordance with national regulations and any agreement with the consumer.
- Operators must not set unreasonable or unfair terms for consumers that exclude themselves from civil liability for undermining the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices, etc.

Violations of the PRC Consumer Protection Law may result in the fines. Additionally, business operators in violation will be ordered to suspend operations and their business licenses will be revoked. Criminal liability may be incurred in serious cases.

Under the PRC Consumer Protection Law, a consumer whose legal rights and interests are prejudiced during the purchase or use of goods may demand compensation from the retailer. If the responsibility lies with the manufacturer or an intermediary seller that provides the goods to the retailer, the retailer has the right to recover such compensation from the manufacturer or intermediary seller after settling compensation with the consumer. Consumers or other parties who suffer injury or property losses due to product defects in commodities may demand compensation from the manufacturer as well as the retailer.

PRODUCT QUALITY LAW

The principal legal provisions governing product legality are set out in the PRC Product Quality Law, which was promulgated on 22 February 1993 becoming effective on 1 September 1993 (and later amended on 8 July 2000). The PRC Product Quality Law imposes the following obligations on business operators:

- A check-for-acceptance system must be adopted for the replacement of stock in order to examine the quality certificates and other labels of such stock.
- Measures must be adopted to keep products for sale in good quality.
- Measures to observe the prohibition of selling defective or deteriorated products must be adopted.
- Only products with labels that comply with relevant provisions may be sold;
- Business operators must not forge product origin or falsely use a producer's name and address.
- Business operators must not forge or falsify another producer's authenticity marks, brand name or other product quality marks.
- Business operators must not mix impurities or imitations into sales stock, which includes the substitution of fake products for genuine products, the substitution of defective products for high-quality products and the passing off of substandard products for qualified products.

Violation of the PRC Product Quality Law may result in the imposition of fines. In addition, the business operator may be ordered to suspend operations and its business licenses will be revoked. Criminal liability may be incurred in serious cases.

Under the PRC Product Quality Law, consumers or other victims who suffer injury or property loss due to product defects may demand compensation from the manufacturer as well as the retailer. When responsibility lies with the manufacturer, the retailer shall have the right to recover any compensation paid by the retailer to the customer from the manufacturer and *vice versa*.

APPENDIX II

EXPLANATORY NOTE OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

It is proposed in Resolution 8 to adopt new articles of association (the “**New Articles**”) in substitution for and in order to update the Company’s current articles of association (the “**Current Articles**”), primarily to take account of changes in English company law brought about by the Companies Act 2006. As the Companies Act 2006 is being implemented in phases further changes to the Articles may be proposed in the future.

The principal changes introduced in the New Articles are summarised in this Appendix. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in this Appendix. The New Articles are available for inspection, as noted on page 124 of this document.

1. Form of resolution

The concept of extraordinary resolutions has not been retained under the Companies Act 2006 and therefore all such references have been removed in the New Articles. All resolutions of the Company will therefore be passed as ordinary or special resolutions, as applicable.

2. Convening annual general meetings and other meetings

The provisions in the Current Articles dealing with the convening of general meetings are being changed in line with the relevant matters provided for in the Companies Act 2006. In particular an extraordinary general meeting (now called a “general meeting”) to consider a special resolution can be convened on 14 days’ notice whereas previously 21 days’ notice was required. The New Articles reflect this. Under the Companies Act 2006, 21 days’ notice is generally still required in respect of the Company’s AGM.

3. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The Companies Act 2006 also allows for multiple corporate representatives to be appointed, but if they purport to exercise their rights in different ways, the corporation is deemed to have abstained from exercising its vote. The New Articles reflect these changes.

4. Conflicts of interest (New Articles – Articles 156 and 157)

The Companies Act 2006 sets out directors’ general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company’s interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation.

The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions so that the relevant company’s directors may avoid breaching their duties. The New Articles give the directors authority to approve conflicts and potential conflicts of interest and include other provisions to allow conflicts of interest to be dealt with in a similar way to that which was set out in the Current Articles.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

The New Articles also introduce provisions relating to the receipt of confidential information, attendance at board meetings and availability of board papers in a conflict situation. This takes advantage of a new provision in the Companies Act 2006 which says that directors will not be in breach of their general duties to the Company if they act in accordance with provisions in the company's articles dealing with conflicts and the conflict has previously been authorised by the directors. Such provisions serve to protect a director being in breach of duty after such authorisation.

5. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The Current Articles allowed communications to members in electronic form and, in addition, they also permitted the Company to take advantage of the new provisions relating to website communications. These provisions have been further brought up to date in the New Articles.

6. Share Control Limits

In light of the Acquisition it is anticipated that the place of central management and control of the Company will cease to be in the UK. Accordingly, it is likely that the City Code will cease to apply to the Company such that the Shareholders will cease to enjoy the protections afforded by the City Code and, in particular, the requirement under Rule 9 of the City Code for a mandatory cash offer to be made for the Company in certain circumstances. In light of this and in order to protect the interests of Shareholders the Company has adopted certain provision akin to those of Rule 9 which will apply at any time when the Company is not subject to the City Code.

NINETY PLC (the “Company”)

(Incorporated in England and Wales with registered number 06280431)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of the members of the Company will be held at the offices of FinnCap, 4 Coleman Street, London EC2R 5TA on 29 September at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which numbers 1 to 7 will be proposed as Ordinary Resolutions and numbers 8 to 11 will be proposed as Special Resolutions:

ORDINARY RESOLUTIONS

1. THAT the proposed acquisition (the “**Acquisition**”) by the Company of the entire issued share capital of Honour Field International Limited, substantially upon the terms and conditions of the conditional agreement dated 4 September 2008 made between (1) Prime Mega International Limited, (2) Hermes Capital Limited and others (3) Ray, Ang Wee Boon, (4) Wang Yan Ting and (5) the Company (the “**Agreement**”), being the agreement described in the Admission Document of the Company dated 4 September 2008 (the “**Admission Document**”), a copy of which has been produced to the meeting and, for the purpose of identification, initialled by the Chairman, be and is hereby approved and that the directors of the Company be and they are hereby authorised to complete the Agreement and any other agreement or deed for which the Agreement provides and to make such variations and amendments to the terms and conditions thereof as the directors may approve and consider not to be material in the context of the Acquisition and to do, approve and execute all other acts, things and documents necessary or, in the opinion of the directors, desirable in order to effect or facilitate the Acquisition.
2. THAT conditional on Admission (as defined in the Admission Document) the appointment of Ray, Ang Wee Boon as a director of the Company on completion of the Acquisition be and is hereby approved.
3. THAT conditional on Admission the appointment of Susan, Chong Hooi San as a director of the Company on completion of the Acquisition be and is hereby approved.
4. THAT conditional on Admission the appointment of Wang Yan Ting as a director of the Company on completion of the Acquisition be and is hereby approved.
5. THAT conditional on Admission the appointment of Nicholas Smith as a director of the Company on completion of the Acquisition be and is hereby approved.
6. THAT conditional upon passing resolution 1 above and the Agreement becoming unconditional (save only as to Admission), the Company’s authorised share capital be and is hereby increased to £6,000,000 by the creation of an additional 5,500,000 ordinary shares of 0.1p each having the same rights in all respects as the Ordinary Shares of 0.1p each in the capital of the Company.
7. THAT conditional on passing resolutions 1 above and 10 below, the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the “**Act**”) to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to:
 - 7.1 an aggregate nominal amount of £1,209,600 in connection with the Acquisition;
 - 7.2 an aggregate nominal amount of £19,210 in connection with the Placing (as defined in the Admission Document);
 - 7.3 an aggregate nominal amount of £133,333 in connection with the conversion of the convertible loan agreement dated 28 July 2008 and entered into between Hermes Capital Limited and Honour Field International Limited;
 - 7.4 an aggregate nominal amount of £266,666 in connection with the conversion of the convertible loan agreement dated 28 July 2008 and entered into between Albany Capital plc and Honour Field International Limited;

- 7.5 up to an aggregate nominal amount of £24,000 in connection with the exercise in full of the option dated 4 September 2008 granted to Hermes Capital Limited;
- 7.6 up to an aggregate nominal amount of £12,000 in connection with the exercise in full of the option dated 4 September 2008 granted to JMFinn Capital Markets Limited;
- 7.7 up to an aggregate nominal amount of £138,531 in connection with the allotment of equity securities pursuant to the exercise of any options that may be granted under any share option scheme of the Company; and
- 7.8 otherwise than pursuant to sub-paragraphs 7.1 to 7.7 above, up to a maximum nominal amount of £457,152 (representing approximately 33 per cent. of the Enlarged Share Capital), provided that this authority shall expire at the conclusion of the Company's next annual general meeting or 15 months after the passing of this resolution (whichever is earlier), but the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.

SPECIAL RESOLUTIONS

- 8. THAT, subject to and conditional upon the passing of resolutions 1 to 6 above the regulations contained in the printed document produced to the meeting and initialled, for the purposes of identification, by the Chairman of the meeting be and they are hereby adopted as the new articles of association of the Company in substitution for the existing articles of association of the Company.
- 9. THAT subject to and conditional on the passing of resolutions 1 and 6 above:
 - 9.1 every 60 Existing Ordinary Shares of 0.1 pence each held by each member (or such number as will result in a whole number of consolidated ordinary shares, the balance held by each member being dealt with as provided in sub-paragraph 9.2 below) be consolidated into one New Ordinary Share of 6 pence (a "**Consolidated Share**") and every 60 authorised but unissued Ordinary Shares will be consolidated into one New Ordinary Share of 6 pence, provided that where such consolidation would otherwise result in a fraction of an unissued New Ordinary Share, that number of Ordinary Shares of 0.1 pence each which would otherwise constitute such fraction shall be cancelled under section 121(2)(e) of the Act;
 - 9.2 no member shall be entitled to a fraction of a Consolidated Share and all fractional entitlements arising out of the consolidation shall be aggregated into Consolidated Shares and the Directors are hereby authorised to do all such things as they consider necessary or expedient to sell the number of New Ordinary Shares arising from the consolidation of fractional entitlements referred to in sub-paragraph 9.1 of this resolution to an agent as determined by the Company's broker who will arrange for them to be sold in the market and that the proceeds (net of any expenses of sale) are distributed in due proportion (rounded down to the nearest penny) amongst those members who would otherwise be entitled to such fractional entitlements, provided that amounts of less than £1.00 will not be distributed to shareholders but will instead be held and retained for the benefit of the Company.
 - 9.3 the rights and restrictions attaching to the New Ordinary Shares resulting from the consolidations pursuant to paragraph 9.1 of this resolution shall be the same in all respects as those attached to the Ordinary Shares of 0.1p each as set out in the new articles of association of the Company (save in respect of their nominal value).
- 10. Conditional on passing resolutions 1 and 9 and in substitution for all subsisting authorities to the extent unused, that the directors be and they are authorised and empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to the section 80 authority conferred by resolution 7 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall expire at the conclusion of the Company's next annual general meeting or 15 months after the passing of this resolution

(whichever is earlier), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired, and provided that this power shall be limited to the allotment of equity securities:

- 10.1 in connection with an offer of such securities by way of rights issue or other *pro rata* offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
 - 10.2 in connection with the Acquisition up to an aggregate nominal amount of £1,209,600;
 - 10.3 in connection with the Placing, up to an aggregate nominal amount of £19,210;
 - 10.4 in connection with the conversion of the convertible loan agreement dated 28 July 2008 and entered into between Hermes Capital Limited and Honour Field International Limited up to an aggregate nominal amount of £133,333;
 - 10.5 in connection with the conversion of the convertible loan agreement dated 28 July 2008 and entered into between Albany Capital plc and Honour Field International Limited up to an aggregate nominal amount of £266,666;
 - 10.6 in connection with the exercise in full of the option dated 4 September 2008 granted to Hermes Capital Limited up to an aggregate nominal amount of £24,000;
 - 10.7 in connection with the exercise in full of the option dated 4 September 2008 granted to JMFinn Capital Markets Limited up to an aggregate nominal amount of £12,000;
 - 10.8 pursuant to the exercise of any options that may be granted under any share option scheme of the Company up to an aggregate nominal amount of £138,531; and
 - 10.9 otherwise than pursuant to sub-paragraphs 10.1 to 10.8 above up to an aggregate nominal amount of £138,531.
11. THAT, conditional on completion of the Acquisition the name of the Company be changed to “Sorbic International plc”.

By order of the Board

June Paddock

Company Secretary

Registered office: 17 Hanover Square, London W1S 1HU.

Date: 4 September 2008

Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a show of hands or on a poll, vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and (in the case of an instrument signed by an agent of the member who is not a corporation) the authority under which such an instrument is signed or an office copy or duly certified copy must be deposited at the offices of Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA not less than 48 hours before the time appointed for the meeting or any adjourned meeting. A prepaid form of proxy for use in respect of the meeting is enclosed.
3. Completion of a form of proxy will not prevent a member from attending and voting in person.
4. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those holders of Ordinary Shares who are registered on the Company’s register of members at 6.00 p.m. on 27 September 2008 shall be entitled to attend the meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after that time will be disregarded in determining the rights of any person to attend and/or vote at the meeting.