
HISTORY AND DEVELOPMENT

BUSINESS HISTORY

Introduction

Our Group's history can be traced back to December 2003 when Jiujiang Golden Phoenix was established in the PRC by Mr. Sui and Mr. Zhu to be principally engaged in the production and sales of non-porous crystallised stone. Mr. Sui and Mr. Zhu became acquainted when they were employed at Fujian Province Shishi City Yi De Sheng Ceramics Co., Limited (福建省石獅市益德盛陶瓷有限公司) during the period from 1997 to 1998. With the experience in the decoration and building materials industry, Mr. Sui and Mr. Zhu successfully developed the production techniques and methods for manufacturing non-porous crystallised stone and established Jiujiang Golden Phoenix. Mr. Lin, who also worked at Fujian Province Shishi City Yi De Sheng Ceramics Co., Limited (福建省石獅市益德盛陶瓷有限公司), was invited to join as one of the directors of Jiujiang Golden Phoenix. During the period from December 2003 to early 2005, we underwent the construction and installation of our production facilities. We first commenced production in early 2005. Over the years, we have strived to continue to expand and develop, improve and upgrade our products and maintain our competitiveness in the industry.

Business milestones

Below are our development milestones:

Year	Business achievements
December 2003	Jiujiang Golden Phoenix was established to be principally engaged in the production and sales of non-porous crystallised stone
Early 2005	Our first production line commenced its operation and we launched our 1G Phoenix Stone to the market
October 2005	First granted the GB/T 19001/ISO 9001 certification by Beijing Zhong Da Hua Yuan Certification Centre (北京中大華遠認證中心) in respect of the quality management system in our production process
April 2007	Our second production line commenced its operation and in end of 2007, we launched 2G Phoenix Stone to the market
August 2008	The third production line of our Hengfeng Production Facilities commenced its operation
November 2009	Obtained registration for the invention patent of a kind of decoration material and its preparation method (一種裝飾材料及其製備方法)
June 2010	We upgraded our first production line of our Hengfeng Production Facilities to enhance its efficiencies and production technologies

HISTORY AND DEVELOPMENT

October 2010	Our “  ” brand was awarded as a “Famous Brand of Jiangxi Province (江西省著名商標)”
March 2011	Ranked among the top ten enterprises in the decoration material industry in the PRC by China Market Research Centre (中國市場調查研究中心) and China Social Economy Decision-making Consultation Centre (中國社會經濟決策諮詢中心)
First half of 2011	Our fourth production line of our Hengfeng Production Facilities commenced its operation and we launched our 3G Phoenix Stone to the market
February 2013	The first production line of our Yushan Production Facilities commenced its operation

CORPORATE HISTORY

Our Company

Our Company was incorporated as an exempted company in the Cayman Islands on 4 January 2011. Please refer to the paragraph headed “Further information about our Company and our subsidiaries – Changes in share capital of our Company and our subsidiaries” in Appendix VI to this prospectus for details of changes in the share capital of our Company. As a result of the Reorganisation, our Company became the holding company of our Group. The principal business of our Company is investment holding.

China Galaxy

China Galaxy is a company with limited liability incorporated in Hong Kong on 11 January 2011 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was issued to the subscriber for cash at par.

On 14 February 2011, the subscriber transferred the one share to our Company for cash at par.

As a result of the Reorganisation, China Galaxy became a direct wholly-owned subsidiary of our Company.

The principal business of China Galaxy is investment holding.

Jiujiang Golden Phoenix

Jiujiang Golden Phoenix is a wholly-foreign owned enterprise established in the PRC on 2 December 2003 with an initial registered capital of US\$5,000,000.

HISTORY AND DEVELOPMENT

Pursuant to the entrustment agreement (《委託投資合同》) dated 1 September 2003 entered into between Mr. Sui and Mr. Zhu, it was agreed that:

- (a) Mr. Zhu would entrust Mr. Sui to invest in and contribute to any increase in the registered capital of Jiujiang Golden Phoenix on behalf of Mr. Zhu;
- (b) Mr. Zhu would provide Mr. Sui US\$900,000 (representing 18% of the registered capital) and Mr. Sui would invest such sum into Jiujiang Golden Phoenix on behalf of Mr. Zhu;
- (c) Mr. Sui is the nominee shareholder of the 18% equity interests of Jiujiang Golden Phoenix and Mr. Zhu would have all the rights, benefits and obligations in respect of the 18% equity interests of Jiujiang Golden Phoenix;
- (d) after the establishment of Jiujiang Golden Phoenix, Mr. Zhu would be entitled to its profits and, upon its dissolution, the distributable assets of Jiujiang Golden Phoenix; and
- (e) Mr. Zhu would be responsible for the loss and liability of Jiujiang Golden Phoenix in proportion to his 18% shareholding in Jiujiang Golden Phoenix.

As a result of the above entrustment arrangement, Jiujiang Golden Phoenix was beneficially owned as to 82% by Mr. Sui and 18% by Mr. Zhu since its establishment. Mr. Sui and Mr. Zhu financed their capital contributions to Jiujiang Golden Phoenix by their own funds. Since Mr. Zhu is a PRC resident, the entrustment arrangement is to facilitate the establishment of Jiujiang Golden Phoenix as a wholly-foreign owned enterprise.

On 18 January 2011, (a) Mr. Sui transferred 100% equity interests in Jiujiang Golden Phoenix to Hong Kong Golden Phoenix, a company wholly-owned by Mr. Sui, at nil consideration; and (b) the registered capital of Jiujiang Golden Phoenix was increased to US\$13,000,000. At the same time, Mr. Zhu entrusted 18% equity interests of Jiujiang Golden Phoenix to Hong Kong Golden Phoenix.

As a result of the transfer and such entrustment arrangement, Jiujiang Golden Phoenix was beneficially owned as to 82% by Hong Kong Golden Phoenix and as to 18% by Mr. Zhu.

On 24 February 2011, Hong Kong Golden Phoenix transferred 100% equity interests in Jiujiang Golden Phoenix to China Galaxy at nil consideration. As a result of the transfer, Jiujiang Golden Phoenix was wholly owned by China Galaxy.

On 6 July 2011, China Galaxy transferred 100% equity interests in Jiujiang Golden Phoenix to Mr. Sui at nil consideration. As a result of the transfer, Jiujiang Golden Phoenix was wholly owned by Mr. Sui.

On 7 March 2012, Mr. Sui transferred 100% equity interests in Jiujiang Golden Phoenix to China Galaxy at nil consideration. As a result of the transfer, Jiujiang Golden Phoenix was wholly owned by China Galaxy.

HISTORY AND DEVELOPMENT

Please refer to the sub-section headed “Acquisition of Jiujiang Golden Phoenix by our Group” in the section headed “Reorganisation” of this prospectus for the reasons of the transfers made between January 2011 to March 2012. Owing to these reasons, the transfers were made at nil consideration.

As at the Latest Practicable Date, the registered capital of Jiujiang Golden Phoenix was paid up to the amount US\$10,500,000, and US\$2,500,000 remained outstanding which is to be contributed by 31 December 2013. We intend to finance such registered capital payment by our internal resources.

As a result of the Reorganisation, Jiujiang Golden Phoenix became our indirect wholly-owned subsidiary. The principal business of Jiujiang Golden Phoenix is production and sales of crystalised stone.

Jiangxi Golden Phoenix

Jiangxi Golden Phoenix is a limited liability enterprise established in the PRC on 25 September 2009 with an initial registered capital of RMB10,000,000, all of which were contributed by Jiujiang Golden Phoenix.

As a result of the Reorganisation, Jiangxi Golden Phoenix became our indirect wholly-owned subsidiary. The principal business of Jiangxi Golden Phoenix is production and sales of crystalised stone.

HISTORY AND DEVELOPMENT

CAPITALISATION OF LOANS ADVANCED TO OUR SHAREHOLDERS

On 15 February 2011, by capitalisation of the loans the below independent lenders advanced to Mr. Sui and Mr. Zhu, the following lenders became shareholders of our Company:

Name of lenders	Date of investment and payment	Amount of consideration	Cost per Share and discount to the Offer Price	Use of proceeds from the loans	Approximately Shareholding upon Listing (assuming the Over-allotment Option is not exercised)	Special rights granted
City Expert	15 February 2011	US\$2,100,000 plus accrued interest	HK\$0.39 per Share; a discount of approximately 80.5% to the mid-point of the indicative Offer Price range	Used as the registered capital of Jiujiang Golden Phoenix	5.25%	Nil
Goldyield	15 February 2011	US\$2,100,000 plus accrued interest	HK\$0.39 per Share; a discount of approximately 80.5% to the mid-point of the indicative Offer Price range	Used as the registered capital of Jiujiang Golden Phoenix	5.25%	Nil
Grand City	15 February 2011	US\$1,800,000 plus accrued interest	HK\$0.39 per Share; a discount of approximately 80.5% to the mid-point of the indicative Offer Price range	Used as the registered capital of Jiujiang Golden Phoenix	4.5%	Nil

Details of the above capitalisation of the loans are set out in the sub-section headed “Capitalisation of the loans advanced by Independent Third Parties to shareholders” of the section headed “Reorganisation” of this prospectus.