

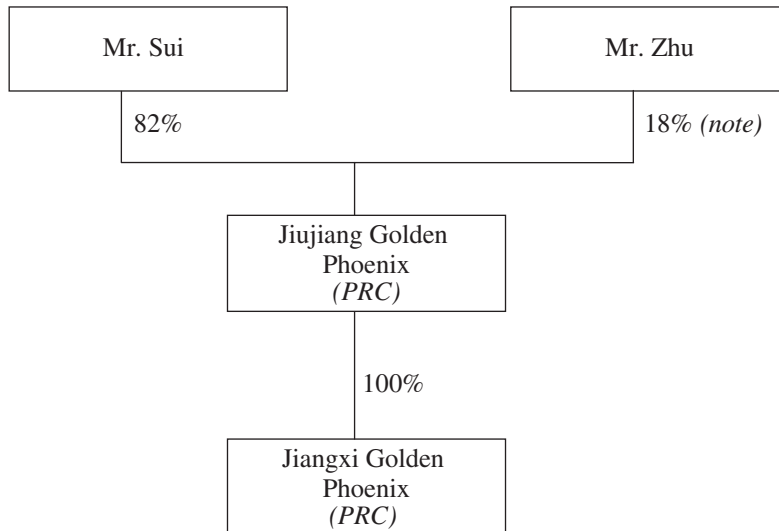
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## REORGANISATION

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### REORGANISATION

The following chart set out the corporate and shareholding structure of Jiujiang Golden Phoenix prior to the Reorganisation:



*Note:* These 18% equity interests were held by Mr. Sui on behalf of Mr. Zhu pursuant to the entrustment agreement dated 1 September 2003.

In preparation for the Listing, we underwent the Reorganisation which involved in the following steps:

#### Incorporation of our Company

On 4 January 2011, our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. One share of US\$1.00 was allotted and issued to the subscriber for cash at par.

On 28 January 2011, the subscriber transferred its one share of US\$1.00 to Global Ally for cash at par.

On 15 February 2011, our Company allotted and issued 40,999 shares of US\$1.00 each to Hong Kong Golden Phoenix for cash at par and 9,000 shares of US\$1.00 each to Hong Kong Dragon Yu for cash at par.

#### Incorporation of China Galaxy

On 11 January 2011, China Galaxy was incorporated in Hong Kong as our intermediate holding company.

On 14 February 2011, the subscriber of China Galaxy transferred one share of HK\$1.00, being the entire issued share capital of China Galaxy, to our Company for cash at par.

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## REORGANISATION

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### Acquisition of Jiujiang Golden Phoenix by Hong Kong Golden Phoenix

On 18 January 2011, 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.

### Capitalisation of the loans advanced by Independent Third Parties to shareholders

During the period from 8 November 2010 to 11 February 2011, the following lenders had advanced the following loans (the “**Loans**”) to Mr. Sui and Mr. Zhu:

	<b>Lenders</b>	<b>Borrowers</b>	<b>Aggregate principal loan amount (US\$)</b>	<b>Annual interest rate</b>	<b>Loan repayment date</b>
(a)	City Expert	Mr. Sui	1,722,000	6%	15 February 2011
	City Expert	Mr. Zhu	378,000	6%	15 February 2011
(b)	Goldyield	Mr. Sui	1,722,000	6%	15 February 2011
	Goldyield	Mr. Zhu	378,000	6%	15 February 2011
(c)	Grand City	Mr. Sui	1,476,000	6%	15 February 2011
	Grand City	Mr. Zhu	324,000	6%	15 February 2011

Within six months from the draw-down of the first loan, each of the three lenders has the right to choose repayments by (a) equity interests of Jiujiang Golden Phoenix; (b) equity interests of the holding company of Jiujiang Golden Phoenix; or (c) cash.

City Expert is a company incorporated in BVI on 28 July 2010. To the best knowledge of our Directors, its ultimate beneficial owners are Independent Third Parties. Its principal business is investment holding. The loans advanced by it to Mr. Sui and Mr. Zhu were to be used as the registered capital to be injected into Jiujiang Golden Phoenix.

Goldyield is a company incorporated in BVI on 5 January 2010. To the best knowledge of our Directors, its ultimate beneficial owners are Independent Third Parties. Its principal business is investment holding. The loans advanced by it to Mr. Sui and Mr. Zhu were to be used as the registered capital to be injected into Jiujiang Golden Phoenix.

Grand City is a company incorporated in BVI on 7 October 2010. To the best knowledge of our Directors, its ultimate beneficial owners are Independent Third Parties. Its principal business is investment holding. The loans advanced by it to Mr. Sui and Mr. Zhu were to be used as the registered capital to be injected into Jiujiang Golden Phoenix.

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## REORGANISATION

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In about end of 2010, Jiujiang Golden Phoenix considered to increase its investment amount and registered capital so as to expand its production capacity. In light of the capital need, a common friend of Mr. Sui and Mr. Zhu introduced to them the three lenders. After conducting the due diligence on Jiujiang Golden Phoenix, the three lenders agreed to advance the Loans to Mr. Sui and Mr. Zhu.

The lenders chose repayments of the Loans and the interest accrued thereon by shares of US\$1.00 each in our Company. On 15 February 2011, at the directions of Mr. Sui and Mr. Zhu (and Mr. Zhu's wife), Hong Kong Golden Phoenix and Hong Kong Dragon Yu transferred the following shares of US\$1.00 each in our Company to the lenders of the Loans in the following manner:

	<b>Transferor</b>	<b>Transferee</b>	<b>Number of shares and shareholding percentage</b>	<b>Consideration</b>
(a)	Hong Kong Golden Phoenix	City Expert	2,870 shares of US\$1.00 each (5.74%)	Principal amount of the Loan of US\$1,722,000 plus interests accrued thereon
	Hong Kong Dragon Yu	City Expert	630 shares of US\$1.00 each (1.26%)	Principal amount of the Loan US\$378,000 plus interests accrued thereon
(b)	Hong Kong Golden Phoenix	Goldyield	2,870 shares of US\$1.00 each (5.74%)	Principal amount of the Loan US\$1,722,000 plus interests accrued thereon
	Hong Kong Dragon Yu	Goldyield	630 shares of US\$1.00 each (1.26%)	Principal amount of the Loan US\$378,000 plus interests accrued thereon
(c)	Hong Kong Golden Phoenix	Grand City	2,460 shares of US\$1.00 each (4.92%)	Principal amount of the Loan US\$1,476,000 plus interests accrued thereon
	Hong Kong Dragon Yu	Grand City	540 shares of US\$1.00 each (1.08%)	Principal amount of the Loan US\$324,000 plus interests accrued thereon

Based on the above, the investment cost associated with the Shares transferred to the three lenders was approximately HK\$0.39 per Share, representing a discount of approximately 80.5% to the mid-point of the indicative Offer Price range.

The consideration of the above transfers were reached by the lenders and the borrowers after arm's length negotiation as agreed by the parties and based on the financial results of Jiujiang Golden Phoenix in 2009 and 2010 and the potential future growth of Jiujiang Golden Phoenix and there were no guaranteed discount to the Offer Price.

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## REORGANISATION

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Upon completion of the above transfers, the shareholding of our Company were:

Name of shareholders	Number of shares held and shareholding percentage
Hong Kong Golden Phoenix	32,799 shares of US\$1.00 each (65.598%)
Global Ally	one share of US\$1.00 (0.002%)
Hong Kong Dragon Yu	7,200 shares of US\$1.00 each (14.4%)
City Expert	3,500 shares of US\$1.00 each (7%)
Goldyield	3,500 shares of US\$1.00 each (7%)
Grand City	3,000 shares of US\$1.00 each (6%)
<b>Total:</b>	<b>50,000 shares of US\$1.00 each (100%)</b>

The Shares held by the three lenders will be subject to a lock-up period of six months after the Listing. In addition, all Shares held by the three lenders will be counted towards the public float after Listing for purpose of Rule 8.08 of the Listing Rules.

Since the investment amounts for the Shares of the three lenders had been fully settled in February 2011, the Sole Sponsor is of the view that the pre-IPO investments are in compliance with interim guidance released by the Stock Exchange on 13 October 2010.

### Acquisition of Jiujiang Golden Phoenix by our Group

On 24 February 2011, Hong Kong Golden Phoenix transferred 100% equity interests in Jiujiang Golden Phoenix to China Galaxy at nil consideration.

On 6 July 2011, China Galaxy transferred 100% equity interests in Jiujiang Golden Phoenix to Mr. Sui at nil consideration.

On 7 March 2012, Mr. Sui transferred 100% equity interests in Jiujiang Golden Phoenix back to China Galaxy at nil consideration.

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## REORGANISATION

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Our Company confirmed that the above transfers of the equity interests during the period from January 2011 to March 2012 in Jiujiang Golden Phoenix were made to facilitate the approvals of the increase of the registered capital of Jiujiang Golden Phoenix to from US\$5,000,000 to US\$10,500,000 (i.e. the current paid-up amount of the registered capital) and the Reorganisation. On 17 February 2011, Hong Kong Golden Phoenix, as the then shareholder of Jiujiang Golden Phoenix, injected US\$1.5 million into Jiujiang Golden Phoenix as part payment of the increased registered capital of Jiujiang Golden Phoenix. As a result of such change, Jiujiang Golden Phoenix applied for a revised business licence with the Jiujiang Industry and Commerce Administration Bureau. On 24 February 2011, before completion of the registration of the change in paid-up registered capital with the Jiujiang Industry and Commerce Administration Bureau, Hong Kong Golden Phoenix transferred 100% equity interests in Jiujiang Golden Phoenix to China Galaxy. Consequently, the ultimate then registered shareholders of Jiujiang Golden Phoenix changed from Mr. Sui to Hong Kong Golden Phoenix, Hong Kong Dragon Yu, City Expert, Goldyield and Grand City. As such change in shareholding occurred prior to the completion of the registration of the change in paid-up registered capital, the Jiujiang Industry and Commerce Administration Bureau refused to issue the revised business licence. To facilitate the registration, on 6 July 2011, China Galaxy transferred the 100% equity interests in Jiujiang Golden Phoenix back to Mr. Sui, the shareholder of Hong Kong Golden Phoenix. After completion of the registration of the increased paid-up registered capital with Jiujiang Industry and Commerce Administration Bureau, on 7 March 2012, the 100% equity interests in Jiujiang Golden Phoenix was transferred to China Galaxy. On 27 September 2012, Jiujiang Industry and Commerce Administration Bureau issued a letter confirming that (a) the above transfers were made to facilitate the increase of registered capital of Jiujiang Golden Phoenix and the Reorganisation; and (b) such transfers complied with the relevant laws, rules and the requirements of the Jiujiang Industry and Commerce Administration Bureau.

### **Transfers of shares of our Company held by Global Ally to Hong Kong Golden Phoenix**

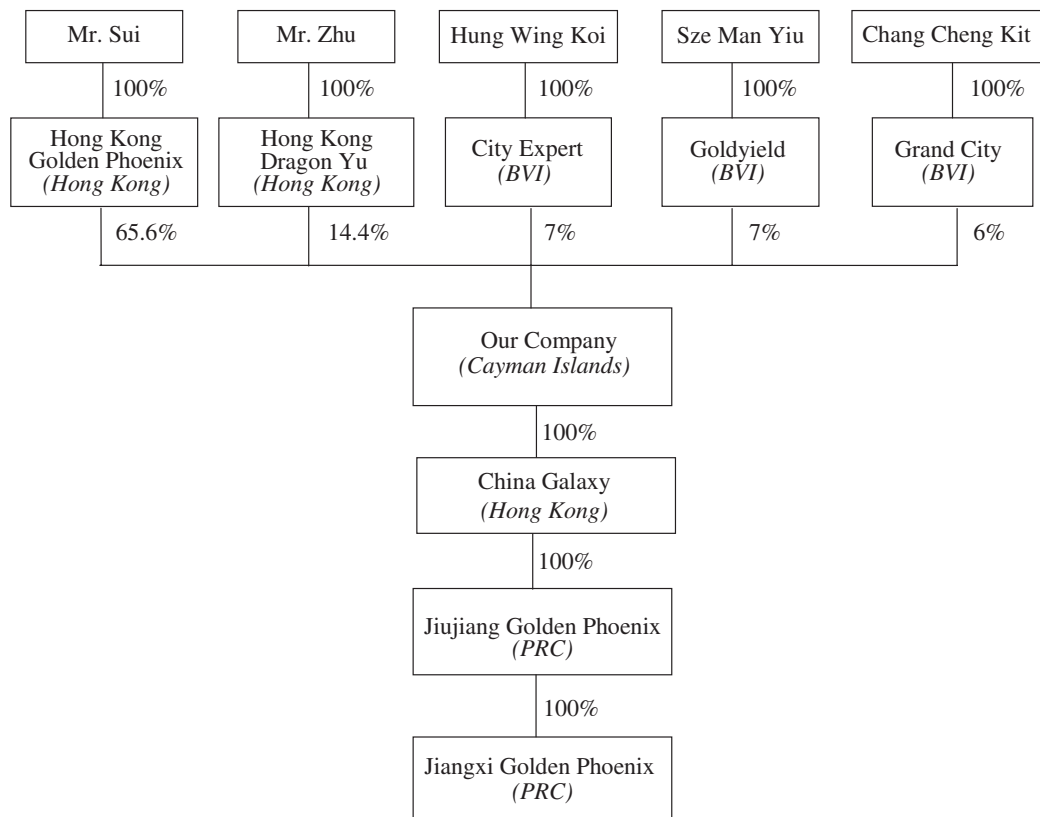
On 11 June 2013, Global Ally transferred one share of US\$1.00 in our Company to Hong Kong Golden Phoenix for cash at par.

### **Change of the par value of shares in our Company**

On 21 June 2013, pursuant to the written resolutions of the Company passed on that day, our authorised share capital was changed from US\$50,000 divided into 50,000 shares of US\$1.00 each to HK\$390,000 divided into 3,900,000 Shares. On the same date, 3,900,000 Shares were allotted and issued to Hong Kong Golden Phoenix as to 2,558,400 Shares, Hong Kong Dragon Yu as to 561,600 Shares, Goldyield as to 273,000 Shares, City Expert as to 273,000 Shares and Grand City as to 234,000 Shares. The 50,000 shares of US\$1.00 each were repurchased by our Company.

## REORGANISATION

The following chart sets out our corporate and shareholding structure upon completion of the Reorganisation and immediately before the completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option has not been exercised:

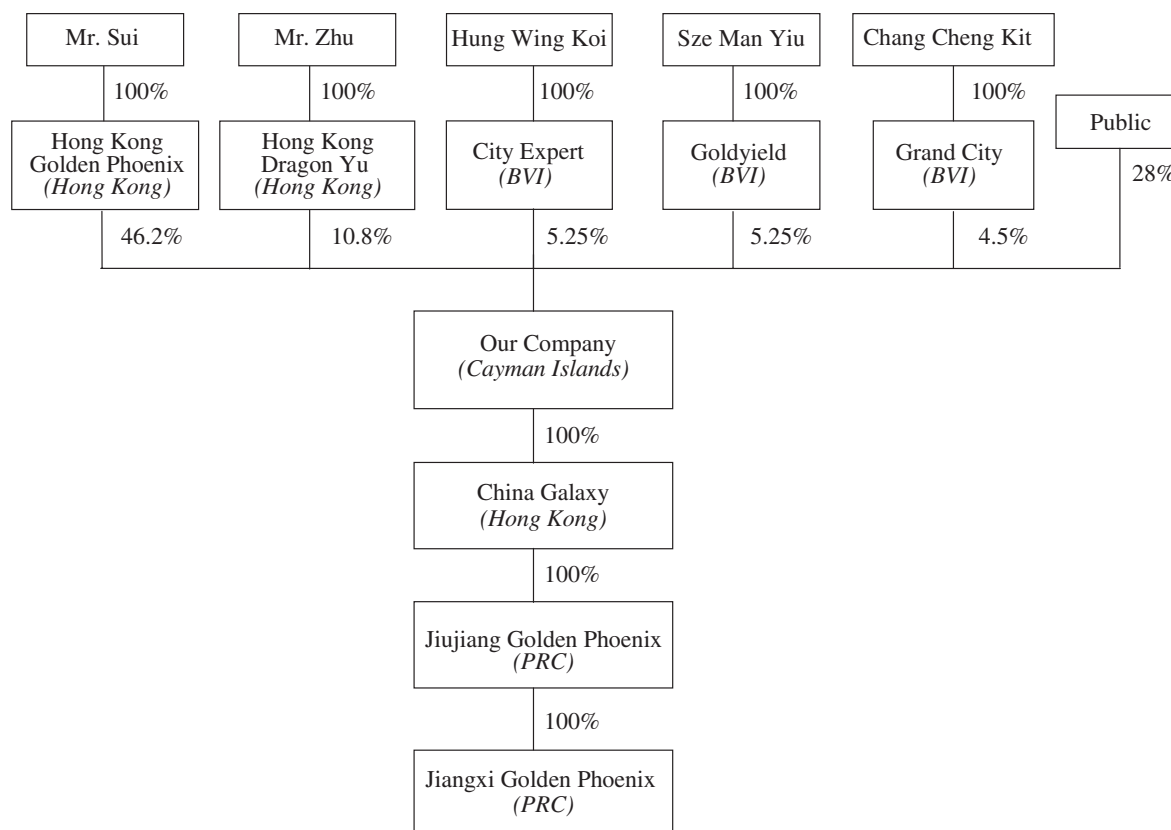


*Note:*

Hung Wing Koi, Sze Man Yiu and Chang Cheng Kit are Independent Third Parties.

## REORGANISATION

The following chart sets out our corporate and shareholding structure immediately after the completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option has not been exercised:



*Note:*

Hung Wing Koi, Sze Man Yiu and Chang Cheng Kit are Independent Third Parties.

Should the Over-allotment Option be exercised in full, our Company will be held as to 44.34% by Hong Kong Golden Phoenix, 10.36% by Hong Kong Dragon Yu, 5.04% by City Expert, 5.04% by Goldyield, 4.32% by Grand City and 30.9% by the public.

### PRC LEGAL COMPLIANCE

Our PRC legal adviser, Beijing Tian Yuan Law Firm, confirmed that no approval from the China Securities Regulatory Commission for the Reorganisation and to list our securities in an overseas stock exchange is required. Given that one of our beneficial shareholders, Mr. Zhu, is a PRC resident, is required to carry out the foreign exchange registration with local foreign exchange authority under the No. 75 Notice. Please refer to the paragraph headed “Approvals from PRC governmental authorities in relation to the Reorganisation and the proposed Listing – No. 75 Notice” in Appendix IV of this prospectus. Mr. Zhu’s registration under No. 75 Notice was completed on 7 December 2012.

Our PRC legal adviser, Beijing Tian Yuan Law Firm, has confirmed that all approvals, permits and licences required in connection with the Reorganisation have been obtained, and the Reorganisation has not violated any applicable PRC laws and regulations.