

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of the Company**

The Company was incorporated in Bermuda under the Bermuda Companies Act as an exempted company with limited liability on 1 May 2012 with an authorized share capital of HK\$58,000 divided into 5,800,000 Shares (having a par value of HK\$0.01 each).

On 4 May 2012, 58,000 Shares were allotted and issued, fully paid, to the following entities in such number as set forth below:

Serial no.	Name of corporate holder of our Shares	No. of Shares held	Percentage of holding of Shares (%)
1.	ZHL Asia Limited	29,085	50.15
2.	ZHY Asia Limited	4,255	7.34
3.	MFQ Asia Limited	4,895	8.44
4.	ZCH Asia Limited	3,100	5.34
5.	YHW Asia Limited	2,000	3.45
6.	SB Asia Limited	1,900	3.28
7.	Inno Technology (HK) Limited	2,000	3.45
8.	Fine Time Holdings Limited	1,000	1.72
9.	Guo Xin Investments Limited	666	1.15
10.	ZDJ Asia Limited	800	1.38
11.	SM Asia Limited	700	1.21
12.	MLW Asia Limited	700	1.21
13.	SXY Asia Limited	730	1.26
14.	XH Asia Limited	1,200	2.07
15.	HYY Asia Limited	1,600	2.76
16.	ZSY Asia Limited	1,330	2.29
17.	XDH Asia Limited	333	0.57
18.	SYL Asia Limited	310	0.53
19.	Precious View Investments Limited	396	0.68
20.	Zhongchi Management Consulting Limited	1,000	1.72
<b>Total:</b>		<b>58,000</b>	<b>100</b>

The Company has established a principal place of business in Hong Kong at 31st Floor, 148 Electric Road, North Point, Hong Kong and the Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 3 September 2013. Mr. Kwok Siu Man has been appointed as the authorized representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong under Part XI of the Companies Ordinance.

As the Company is incorporated in Bermuda, our operations are subject to the relevant law and regulations of Bermuda and its constitution, comprising its Memorandum of Association and Bye-laws. A summary of the relevant laws and regulations of Bermuda and of the Memorandum of Association and Bye-laws is set out in “Appendix III — Summary of the Constitution of the Company and Bermuda Company Law.”

## 2. Changes in the share capital of the Company

### (a) Change in authorized and issued share capital

As of the date of incorporation of the Company, the Company had an authorized share capital of HK\$58,000 divided into 5,800,000 Shares of HK\$0.01 each.

On 30 April 2013 when the Pre-IPO Subscription Agreements were completed, the Company allotted and issued 5,201 Shares, 5,044 Shares and 5,044 Shares to Ares, OCBC and KNI (i.e. an aggregate of 15,289 Shares), respectively.

On 7 November 2013, the authorized share capital of the Company was increased to HK\$500,000,000 by the creation of 49,994,200,000 Shares pursuant to a resolution passed by our Shareholders referred to in paragraph 3 below and subject to the conditions contained therein.

Immediately following completion of the Global Offering and the Capitalization Issue (but without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), the authorized share capital of the Company remains to be HK\$500 million divided into 50,000 million Shares, of which 3,908,747,000 Shares will be issued fully paid or credited as fully paid, and 46,091,253,000 Shares will remain unissued.

The following is a description of the authorized and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Global Offering and the Capitalization Issue:

	<u>HK\$</u>
<i>Authorized share capital:</i>	
50,000,000,000 Shares of HK\$0.01 each. . . . .	500,000,000
<i>Issued and to be issued, fully paid or credited as fully paid:</i>	
73,289 Shares in issue as of the date of this Prospectus. . . . .	732.89
2,931,486,711 Shares to be issued pursuant to the Capitalization Issue . . . . .	29,314,867.11
<u>977,187,000</u> Shares to be issued pursuant to the Global Offering . . . . .	<u>9,771,870.00</u>
<u>3,908,747,000</u> Total . . . . .	<u>39,087,470.00</u>

### Assumptions

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It takes no account of any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

As of the Latest Practicable Date, the Company had an authorized share capital of HK\$500 million, divided into 50,000 million Shares, and an issued share capital of HK\$732.89, divided into 73,289 Shares, all fully paid or credited as fully paid.

**(b) Founder shares**

The Company has no founder shares, management shares or deferred shares.

Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorized but unissued share capital of the Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed above and in “— 3. Resolutions in writing of our Shareholders passed on 7 November 2013” below, there has been no alteration in the share capital of the Company since its incorporation.

**3. *Resolutions in writing of our Shareholders passed on 7 November 2013***

Pursuant to the written shareholders’ resolutions passed by all our Shareholders on 7 November 2013 among others:

- (a) the Company approved and adopted our Bye-laws;
- (b) the authorized share capital of the Company was increased from HK\$58,000 to HK\$500,000,000 by the creation of further 49,994,200,000 Shares;
- (c) conditional on (A) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus; (B) the Offer Price having been determined and the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this Prospectus; (C) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this Prospectus:
  - (i) the Global Offering was approved and the Directors were authorized to approve and effect (aa) the allotment and issue of the New Shares pursuant to the Global Offering and (bb) the transfer by the Selling Shareholders of the Sale Shares initially under the Global Offering and such additional Sale Shares upon the exercise of the Over-allotment Option;
  - (ii) the rules of the Share Option Scheme (the principal terms of which are set forth in “— D. Share Option Scheme”) were approved and adopted and the Directors were authorized to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

- (iii) conditional on the share premium account of the Company being credited as a result the issue of the New Shares of the Global Offering, the Directors were authorized to capitalize HK\$29,314,867.11 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 2,931,486,711 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at the close of business on 7 November 2013 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing holdings in the Company and so that the Shares to be allotted and issued pursuant to this resolution should rank *pari passu* in all respects with the then existing issued Shares and the Directors were authorized to give effect to such capitalization;
- (iv) a general unconditional mandate was given to the Directors to exercise all powers of the Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Bye-laws, or pursuant to the exercise of any options which may be granted under the Share Option Scheme, or under the Global Offering or the Capitalization Issue, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue and (bb) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Bye-laws or any applicable Bermuda Law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first;
- (v) a general unconditional mandate (the “Repurchase Mandate”) was given to the Directors to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Global Offering and the Capitalization Issue until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Bye-laws or any applicable Bermuda Law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

#### 4. Further information about our Group's PRC subsidiaries

Our Group has interest in the registered capital of nine companies established in the PRC. A summary of the corporate information of these enterprises as of the Latest Practicable Date is set out as follows:

		<u>1. Ruixinda</u>	<u>2. YST Heilongjiang</u>	<u>3. YST Zhenlai</u>	<u>4. YST Honghai</u>
(i)	Full name of company	哈爾濱市瑞信達牧業有限公司	黑龍江克東瑞信達原生態牧業股份有限公司	鎮賚瑞信達原生態牧業有限公司	齊齊哈爾紅海原生態牧業股份有限公司
(ii)	Date of establishment	9 December 2010	5 September 2008	9 July 2009	5 May 2009
(iii)	Economic nature	Wholly foreign owned enterprise	Joint stock limited company	Limited liability company	Joint stock limited company
(iv)	Registered holder(s)	Royal Dairy Farm	1. YST Heping 2. Ruixinda	1. YST Heilongjiang 2. Ruixinda	1. YST Heilongjiang 2. Ruixinda
(v)	Total investment amount (where applicable)	RMB180 million	N.A.	N.A.	N.A.
(vi)	Registered capital	RMB180 million	RMB186.85 million	RMB60 million	RMB5 million
(vii)	Percentage equity interest attributable to our Group	100%	100%	100%	100%
(viii)	Term of operation	8 December 2040	Long term	9 July 2019	Long term
		<u>5. YST Sifang</u>	<u>6. YST Qiqihar</u>	<u>7. YST Heping</u>	<u>8. Ruixinda Gannan</u>
(i)	Full name of company	齊齊哈爾四方原生態牧業股份有限公司	齊齊哈爾瑞信達生態養殖有限公司	黑龍江克東和平原生態牧業有限公司	黑龍江甘南瑞信達原生態牧業有限公司
(ii)	Date of establishment	7 May 2009	10 September 2012	3 July 2007	9 July 2007
(iii)	Economic nature	Joint stock limited company	Limited liability company	Limited liability company	Limited liability company
(iv)	Registered holder(s)	1. YST Heilongjiang 2. Ruixinda	1. YST Heilongjiang 2. Ruixinda	Ruixinda	Ruixinda
(v)	Total investment amount (where applicable)	N.A.	N.A.	N.A.	N.A.
(vi)	Registered capital	RMB5 million	RMB3 million (Note 1)	RMB76.52 million	RMB38 million
(vii)	Percentage equity interest attributable to our Group	100%	100%	100%	100%
(viii)	Term of operation	Long term	Long term	3 July 2027	8 July 2027

		9. Ruixincheng	10. Ruixinda Baiquan	11. YST Yongjin
(i)	Full name of company	哈爾濱市瑞信誠商貿有限公司	拜泉瑞信達原生態牧業有限公司	克東勇進原生態牧業有限公司
(ii)	Date of establishment	3 May 2013	25 June 2013	5 July 2013
(iii)	Economic nature	Wholly foreign owned enterprise	Limited liability company	Limited liability company
(iv)	Registered holder(s)	Royal Dairy Farm	1. YST Heilongjiang 2. Ruixinda	1. YST Heilongjiang 2. Ruixinda
(v)	Total investment amount (where applicable)	RMB550 million	N.A.	N.A.
(vi)	Registered capital	RMB550 million	RMB50 million (Note 2)	RMB30 million (Note 3)
(vii)	Percentage equity interest attributable to our Group	100%	100%	100%
(viii)	Term of operation	2 May 2043	Indefinite	Indefinite

## Notes:

- On 10 September 2012, YST Qiqihar was established with a registered capital of RMB3 million. 20% of its registered capital has been paid up by YST Heilongjiang at its incorporation and up to the Latest Practicable Date. Under the articles of association of YST Qiqihar, the remaining registered capital shall be paid up by all the equity holders, namely YST Heilongjiang and Ruixinda, according to their respective holdings on or before 29 May 2014.
- Under the articles of association of Ruixinda Baiquan, portions of registered capital in the sum of RMB10 million and RMB40 million are required to be contributed on or before 11 July 2013 and 10 July 2015 respectively. RMB10 million was contributed to Ruixinda Baiquan by its relevant shareholder(s) within the prescribed time. Up to the Latest Practicable Date, only the said amount of RMB10 million had been contributed.
- Under the articles of association of YST Yongjin, portions of registered capital in the sum of RMB6 million and RMB24 million are required to be contributed on or before 3 July 2013 and 2 July 2015 respectively. RMB6 million was contributed to YST Yongjin by its relevant shareholder(s) within the prescribed time. Up to the Latest Practicable Date, only the said amount of RMB6 million had been contributed.

The scope of permitted business as recorded in the business licenses of the respective PRC subsidiaries of our Group as of the Latest Practicable Date is set out below:

- |    |                  |  |
|----|------------------|--|
| 1. | Ruixinda         | Consulting and research and development of livestock breeding technology(ies)  |
| 2. | YST Heilongjiang | Dairy farming; sales of raw milk; purchase of fodder, green fodder and forage; import of goods for the company's own use |
| 3. | YST Zhenlai      | Dairy farming; sales of raw milk; import of goods for the company's own use  |
| 4. | YST Honghai      | Dairy farming; sales of raw milk; import of goods for the company's own use  |

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|-----|------------------|---|
| 5.  | YST Sifang       | Dairy farming; sales of raw milk; import of goods for the company's own use                           |
| 6.  | YST Qiqihar      | Dairy farming; purchase of fodder, green fodder and forage; import of goods for the company's own use |
| 7.  | YST Heping       | Dairy farming, dairy cattle breeding, sales of milk and related import and export trade               |
| 8.  | Ruixinda Gannan  | Dairy farming; sales of raw milk; import of goods for the company's own use                           |
| 9.  | Ruixincheng      | Wholesale of feeds, farming machineries, hardware and electrical products                             |
| 10. | Ruixinda Baiquan | investment in dairy farming   |
| 11. | YST Yongjin      | Dairy farming; sales of raw milk; import of goods for the company's own use                           |

#### **5. *Changes in the share capital of our subsidiaries***

Our subsidiaries are listed in the accountants' report set forth in Appendix I to this Prospectus.

The following alterations in the share capital of each of the Company's subsidiaries took place within two years immediately preceding the date of this Prospectus:

#### **BVI Subsidiary**

As of the date of its incorporation on 3 May 2012, the BVI Subsidiary had an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 8 May 2012, 100 shares of US\$1 each in the BVI Subsidiary were allotted and issued, credited as fully paid up, to the Company.

As part of the Reorganization, on 26 April 2013, the BVI Subsidiary entered into a call option deed with ZHL Asia Limited, HYY Asia Limited, XH Asia Limited, ZDJ Asia Limited and ZCH Asia Limited (collectively, "Subscribers"), pursuant to which the BVI Subsidiary granted call options to each of these five Subscribers, by which the Subscribers is entitled to be issued and allotted in aggregate one ordinary share of the BVI Subsidiary upon exercise of such options by ZHL Asia Limited (for itself and on behalf of all other Subscribers) within three calendar days from the date of the deed (the "Option Period"), in order to set off the advance of a HK\$224 million loan by the Subscribers to the BVI Subsidiary pursuant to a loan agreement dated 26 April 2013. The exercise price of such options would be the sum of HK\$1 million in aggregate in cash. On 29 April 2013, the option deed (and the options) lapsed upon the expiry of the Option Period. Please refer to paragraph (iv) and (v) on page 125 of this Prospectus.

**HK Subsidiary**

As of the date of its incorporation on 17 May 2012, HK Subsidiary had an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On 17 May 2012, 100 shares in the HK Subsidiary were allotted and issued, credited as fully paid up, to our BVI Subsidiary.

**YST Qiqihar**

On 10 September 2012, YST Qiqihar was established with a registered capital of RMB3 million. 20% of its registered capital has been paid up by YST Heilongjiang at its incorporation, whereas the remaining registered capital shall be paid up by all the equity holders, namely YST Heilongjiang and Ruixinda, according to their respective holdings on or before 29 May 2014.

**YST Heilongjiang**

As part of the Reorganization in relation to the settlement of the indebtedness by YST Heilongjiang to certain creditors, Ms. SX Li subscribed for an aggregate of 0.99% of the registered capital of YST Heilongjiang (representing 1.85 million shares with a par value of RMB1 each) by paying up an aggregate amount of RMB459,355,000 to YST Heilongjiang in March and April 2013, respectively, which resulted in an increase of registered capital from RMB185 million to RMB186.85 million. The relevant registration procedures were completed on 3 April 2013. On 14 June 2013, Ms. SX Li and YST Heping entered into an equity transfer agreement, pursuant to which YST Heping agreed to acquire 0.99% equity interest in YST Heilongjiang from Ms. SX Li at a consideration at RMB1.85 million, which was determined based on the nominal registered capital of YST Heilongjiang. The relevant registration procedures were completed on 18 June 2013.

**Ruixincheng**

On 3 May 2013, Ruixincheng was established with a registered capital of RMB550 million, of which approximately 44.91% of its registered capital has been paid up by Royal Dairy Farm as of 7 June 2013, whereas the remaining registered capital shall be paid up by Royal Dairy Farm on or before 3 May 2015.

Save as disclosed above, there has been no other alteration in the share capital (or the registered capital for the subsidiaries incorporated in the PRC) of any of our subsidiaries within the two years immediately preceding the date of this Prospectus.

**6. Repurchases by the Company of our own securities**

This section sets forth information required by the Stock Exchange to be included in this Prospectus concerning the repurchase by the Company of our own securities.

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

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:



*(i) Shareholders' approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*(ii) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the Listing Rules and the applicable laws of the Bermuda. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under the Bermuda Companies Act any repurchases by the Company may be made out of the Company's funds which would otherwise be available for dividend or distribution, out of the Company's share premium account, out of the proceeds of a new issue of Shares made for the purpose of the repurchase or, if authorized by the Bye-laws and subject to the Bermuda Companies Act, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of the Company's share premium account.

*(iii) Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

*(iv) Status of repurchased shares*

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

*(v) Suspension of repurchase*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first

notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

*(vi) Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

*(vii) Connected persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

**(b) Reasons for repurchases**

Our Directors believe that the ability to repurchase Shares is in the interests of the Company and our Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors have sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**(c) Funding of repurchases**

In repurchasing securities, the Company may only apply funds lawfully available for such purpose in accordance with its Memorandum of Association and Bye-laws, the Listing Rules and the applicable Bermuda Law.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this Prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for the Company.

**(d) General**

The exercise in full of the Repurchase Mandate, on the basis of 3,908,747,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue, could accordingly result in up to approximately 390,874,700 Shares being repurchased by the Company during the period prior to the earliest occurrence of any of the following:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or the Bye-laws to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

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

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

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

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

**7. *Registration under Part XI of the Companies Ordinance***

The Company has established our head office and a principal place of business in Hong Kong for the purpose of registration under Part XI of the Companies Ordinance at 31st Floor, 148 Electric Road, North Point, Hong Kong. The Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Mr. Kwok Siu Man of 31st Floor, 148 Electric Road, North Point, Hong Kong, our joint company secretary, has been appointed as agent of the Company for the acceptance of service of process and notices on us in Hong Kong under Part XI of the Companies Ordinance.

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

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or our subsidiaries within the two years preceding the date of this Prospectus and are or may be material:

- (a) an equity transfer agreement dated 28 December 2011 entered into between Ruixinda and Shi Guanghua (史光華), pursuant to which Ruixinda agreed to acquire 32.773% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Shi Guanghua at a consideration of RMB60.63 million;
- (b) an equity transfer agreement dated 28 December 2011 entered into between Ruixinda and Wang Shaogang (王紹崗), pursuant to which Ruixinda agreed to acquire 37.081% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Wang Shaogang at a consideration of RMB68.6 million;
- (c) an equity transfer agreement dated 28 December 2011 entered into between Ruixinda and Yang Chunyu (羊春郁), pursuant to which Ruixinda agreed to acquire 0.919% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Yang Chunyu at a consideration of RMB1.7 million;
- (d) an equity transfer agreement dated 28 December 2011 entered into between Ruixinda and Du Baojun (杜寶君), pursuant to which Ruixinda agreed to acquire 0.919% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Du Baojun at a consideration of RMB1.7 million;
- (e) an equity transfer agreement dated 28 December 2011 entered into between Ruixinda and Zhou Haifen (周海芬), pursuant to which Ruixinda agreed to acquire 0.919% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Zhou Haifen at a consideration of RMB1.7 million;
- (f) an equity transfer agreement dated 28 December 2011 entered into between Ruixinda and Mr. HL Zhao, pursuant to which Ruixinda agreed to acquire 2.065% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Mr. HL Zhao at a consideration of RMB3.82 million;
- (g) an equity transfer agreement dated 28 December 2011 entered into between YST Heping (whose former Chinese name was “黑龍江飛鶴克東歐美養殖有限公司”) and Mr. HL Zhao, pursuant to which YST Heping (whose former Chinese name was “黑龍江飛鶴克東歐美養殖有限公司”) agreed to acquire 1% equity interest in YST Heilongjiang (whose former Chinese name was “黑龍江飛鶴原生態牧業有限公司”) from Mr. HL Zhao at a consideration of RMB1.85 million;

- (h) an equity transfer agreement dated 15 February 2012 entered into between Ruixinda and Mr. HL Zhao, pursuant to which Ruixinda agreed to acquire 0.17% equity interest in YST Zhenlai (whose former Chinese name was “鎮賚飛鶴原生態牧業有限公司”) from Mr. HL Zhao at a consideration of RMB100,000;
- (i) an equity transfer agreement dated 23 March 2012 entered into between Ruixinda and Mr. HL Zhao, pursuant to which Ruixinda agreed to acquire registered capital in the aggregate nominal amount of RMB100,000 in YST Honghai (whose former Chinese name was “黑龍江飛鶴龍江原生態牧業股份有限公司”) from Mr. HL Zhao at nil consideration;
- (j) an equity transfer agreement dated 23 March 2012 entered into between Ruixinda and Mr. HL Zhao, pursuant to which Ruixinda agreed to acquire registered capital in the aggregate nominal amount of RMB100,000 in YST Sifang (whose former Chinese name was “黑龍江飛鶴甘南原生態牧業股份有限公司”) from Mr. HL Zhao at nil consideration;
- (k) an equity transfer agreement dated 18 May 2012 entered into between Royal Dairy Farm, Ruixinda and Hu Yiyao (胡藝耀), pursuant to which Royal Dairy Farm agreed to acquire 8.33% equity interest in Ruixinda from Hu Yiyao at a consideration of RMB15 million;
- (l) an equity transfer agreement dated 18 May 2012 entered into between Royal Dairy Farm, Ruixinda and Ms. SX Li, pursuant to which Royal Dairy Farm agreed to acquire 61.11% equity interest in Ruixinda from Ms. SX Li at a consideration of RMB110 million;
- (m) an equity transfer agreement dated 18 May 2012 entered into between Royal Dairy Farm, Ruixinda and Xiong Han (熊瀚), pursuant to which Royal Dairy Farm agreed to acquire 8.33% equity interest in Ruixinda from Xiong Han at a consideration of RMB15 million;
- (n) an equity transfer agreement dated 18 May 2012 entered into between Royal Dairy Farm, Ruixinda and Mao Haifeng (毛海峰), pursuant to which Royal Dairy Farm agreed to acquire 2.78% equity interest in Ruixinda from Mao Haifeng at a consideration of RMB5 million;
- (o) an equity transfer agreement dated 18 May 2012 entered into between Royal Dairy Farm, Ruixinda and Zhang Dijun (張迪軍), pursuant to which Royal Dairy Farm agreed to acquire 5.56% equity interest in Ruixinda from Zhang Dijun at a consideration of RMB10 million;
- (p) an equity transfer agreement dated 18 May 2012 entered into between Royal Dairy Farm, Ruixinda and Zhang Chaohui (張朝暉), pursuant to which Royal Dairy Farm agreed to acquire 13.89% equity interest in Ruixinda from Zhang Chaohui at a consideration of RMB25 million;
- (q) a subscription agreement dated 4 February 2013 entered into between Ares, ZHL Asia Limited, Mr. HL Zhao, the Company and Natural Dairy Farm, pursuant to which Ares agreed to subscribe for 5,044 convertible redeemable preferred shares of HK\$0.01 each in the Company at Hong Kong dollar equivalent of RMB200 million (which agreement was rescinded by the investor rights agreement referred to in material contract (v) below);

- (r) the investor rights agreement dated 4 February 2013 entered into between Ares, ZHL Asia Limited, Mr. HL Zhao and the Company, which set forth certain rights of the parties to the agreement in relation to the subscription of 5,044 convertible redeemable preferred shares in the Company by Ares (which agreement was rescinded by the investor rights agreement referred to in material contract (v) below);
- (s) the Ares Subscription Agreement, the terms of which are summarised in “History, Development and Reorganization — Pre-IPO Investments” of this Prospectus;
- (t) the OCBC Subscription Agreement, the terms of which are summarised in “History, Development and Reorganization — Pre-IPO Investments” of this Prospectus;
- (u) the KNI Subscription Agreement, the terms of which are summarised in “History, Development and Reorganization — Pre-IPO Investments” of this Prospectus;
- (v) the investor rights agreement dated 28 March 2013 entered into between the Ares, OCBC, KNI, ZHL Asia Limited, Mr. HL Zhao and the Company, which set forth certain rights of the parties to the agreement in connection with the subscription of the Shares of the Company, the terms of which are summarised in “History, Development and Reorganization — Pre-IPO Investments” of this Prospectus;
- (w) an agreement dated 28 March 2013 entered into between the Company, Mr. HL Zhao and ZHL Asia Limited, pursuant to which Mr. HL Zhao and ZHL Asia Limited (among others) have agreed to become the primary obligors for the performance and discharge of the Put Option Obligations under the Pre-IPO Subscription Agreements and shall jointly and severally indemnify the Company against any cost, expenses, loss or liability suffered or incurred by the Company in respect of its Put Option Obligations under the Pre-IPO Subscription Agreements;
- (x) an equity transfer agreement dated 1 April 2013 entered into between Wang Shaogang (王紹崗) and Ruixinda, pursuant to which Ruixinda agreed to acquire 5% equity interest in YST Qiqihar (whose former Chinese name was “齊齊哈爾飛鶴生態養殖有限公司”) from Wang Shaogang at nil consideration;
- (y) a supplemental agreement dated 25 April 2013 to the Oumei Transfer Agreement entered into between Ruixinda, YST Heping, Ruixinda Gannan and Feihe Dairy HLJ, pursuant to which, among others, the payment term of the Oumei Transfer Agreement was changed that our Group would be required to supply Feihe Dairy HLJ with raw milk valued at about RMB48.4 million per quarter over 11 quarters commencing from 1 April 2013, or to pay Feihe Dairy HLJ the shortfall of such quarterly payment in cash;
- (z) a loan agreement dated 26 April 2013 entered into between (i) ZHL Asia Limited, HYY Asia Limited, XH Asia Limited, ZDJ Asia Limited and ZCH Asia Limited (all as lenders) on the one part and (ii) BVI Subsidiary (as borrower) on the other part, pursuant to which such lenders agreed to advance an interest-free loan of an aggregate principal amount of HK\$224 million (which is equivalent to RMB180 million) to BVI Subsidiary with a maturity date of 25 April 2015, for the purpose of settling the purchase prices payable by HK Subsidiary to the then six equity-holders of Ruixinda;



- (aa) a call option deed 26 April 2013 entered into between (i) ZHL Asia Limited, HYY Asia Limited, XH Asia Limited, ZDJ Asia Limited and ZCH Asia Limited (collectively, “Subscribers”) on the one part, and (ii) the BVI Subsidiary, pursuant to which the BVI Subsidiary granted, at an aggregate option price of HK\$224 million payable by such subscribers, call options to each of the Subscribers (as grantor) on the other part, by which the Subscribers were granted the right to be issued and allotted in aggregate one ordinary share of the BVI Subsidiary upon exercise of such options by ZHL Asia Limited (for itself and on behalf of all other Subscribers) within three calendar days from the date of the deed. The exercise price of such options is the sum of HK\$1 million in aggregate in cash;
- (bb) a supplemental agreement (“Ares Supplemental Agreement”) dated 15 May 2013 to the Ares Subscription Agreement entered into between the Company, Mr. HL Zhao, ZHL Asia Limited, the BVI Subsidiary and Ares, pursuant to which the events of default triggering a put option as provided under the Ares Subscription Agreement (other than the provision regarding an IPO not being made by the prescribed date of 30 June 2014) were agreed to be removed;
- (cc) a supplemental agreement (“OCBC Supplemental Agreement”) dated 15 May 2013 to the OCBC Subscription Agreement entered into between the Company, Mr. HL Zhao, ZHL Asia Limited, the BVI Subsidiary and OCBC, pursuant to which the events of default triggering a put option as provided under the OCBC Subscription Agreement (other than the provision regarding an IPO not being made by the prescribed date of 30 June 2014) were agreed to be removed;
- (dd) a supplemental agreement (“KNI Supplemental Agreement”) dated 15 May 2013 to the KNI Subscription Agreement entered into between the Company, Mr. HL Zhao, ZHL Asia Limited, the BVI Subsidiary and KNI, pursuant to which the events of default triggering a put option as provided under the KNI Subscription Agreement (other than the provision regarding an IPO not being made by the prescribed date of 30 June 2014) were agreed to be removed;
- (ee) an equity transfer agreement dated 14 June 2013 entered into between Ms. SX Li and YST Heping, pursuant to which Ms. SX Li agreed to transfer 0.99% equity interest in YST Heilongjiang to YST Heping at a consideration of RMB1.85 million;
- (ff) a side letter dated 28 October 2013 entered into between Mr. HL Zhao, ZHL Asia Limited, the Company, Natural Dairy Farm and Ares, pursuant to which the prescribed date of the event of default triggering the put option under the Ares Subscription Agreement (as amended by the Ares Supplemental Agreement) was amended to 1 January 2015;
- (gg) a side letter dated 28 October 2013 entered into between Mr. HL Zhao, ZHL Asia Limited, the Company, Natural Dairy Farm and OCBC, pursuant to which the prescribed date of the event of default triggering the put option under the OCBC Subscription Agreement (as amended by the OCBC Supplemental Agreement) was amended to 1 January 2015;

- (hh) a side letter dated 28 October 2013 entered into between Mr. HL Zhao, ZHL Asia Limited, the Company, Natural Dairy Farm and KNI, pursuant to which the prescribed date of the event of default triggering the put option under the KNI Subscription Agreement (as amended by the KNI Supplemental Agreement) was amended to 1 January 2015;
- (ii) a cornerstone investor placing agreement dated 6 November 2013 entered into among the Company, China Mengniu Dairy Company Limited and Macquarie Capital Securities Limited, details of which are included in the section headed “Cornerstone Investor” of this Prospectus;
- (jj) a deed of non-compete and other undertakings dated 7 November 2013 executed by our Controlling Shareholders as covenantors to give certain undertakings in favor of the Company (for ourselves and on behalf of our subsidiaries), including the non-compete undertakings details of which are summarised in “Relationship with Our Controlling Shareholders — Competition and Conflict of Interests — Undertakings Given by Controlling Shareholders” in this Prospectus;
- (kk) a deed of indemnity dated 7 November 2013 executed by ZHL Asia Limited, ZHY Asia Limited, Mr. HL Zhao and Mr. HY Zhao in favor of the Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in “— E. Estate Duty, Tax and Other Indemnities;” and
- (ll) the Hong Kong Underwriting Agreement dated 13 November 2013 and made between the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and the Joint Lead Managers, the Hong Kong Underwriters, the covenantors named therein (namely, our Controlling Shareholders) and the Company.





## 2. Intellectual property rights of our Group



As of the Latest Practicable Date, we registered or made applications for registration of the following intellectual property rights which may be material in relation to our business.

### (a) Trademarks

As of the Latest Practicable Date, the Company was the registered owner of the following trademarks:

Trademark	Class	Registrant/ Applicant	Place of registration	Registration number	Registration date	Expiry date
	29 (Note 1)	The Company	Hong Kong	302536786	4 March 2013	3 March 2023
	29 (Note 1)	The Company	Hong Kong	302536777	4 March 2013	3 March 2023

As of the Latest Practicable Date, Ruixinda made application for registration of the following trademarks:

Trademark	Class	Registrant/ Applicant	Place of application	Application number	Status
	29 (Note 2)	Ruixinda	The PRC	12136463	Pending Application
	29 (Note 2)	Ruixinda	The PRC	12200923	Pending Application

- The specific goods covered under class 29 in respect of which this trademark are: meat; butter; cream (dairy products); cheese; milk; acidophilus milk; koumiss (kumiss) (milk beverage); milk beverages (milk predominating); whey; milk products; milk tea; cocoamilk; milkshake; milk powder.
- The specific goods covered under class 29 in respect of which this trademark are: meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs; milk and milk products; edible oils and fats.

### (b) Domain Names

As of the Latest Practicable Date, members of our Group had registered the following domain names which may be material to our business:

No.	Domain name	Registrant	Date of registration	Expiry date
1	www.ystdfarm.com	Ruixinda	2 February 2012	2 February 2015
2	www.ystdairyfarm.com	Ruixinda	2 February 2012	2 February 2015

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

### 1. Disclosure of Interests

#### (a) Interests of the Directors and the chief executive of the Company

Immediately following the completion of the Global Offering and the Capitalization Issue and without taking into account any Shares which may be sold pursuant to the exercise of the Over-allotment Option, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered into in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, once the Shares are listed will be as follows:

<u>Name of Director</u>	<u>Nature of interest/Capacity</u>	<u>Relevant company (including associated corporations)</u>	<u>Number of shares (or, as the case may be, amount of registered capital) in the relevant company</u>	<u>Approximate percentage of shareholding</u>
Mr. HL Zhao (Note)	Interest in a controlled corporation	The Company	1,333,600,000	34.12%

*Note:* ZHL Asia Limited is solely owned by Mr. HL Zhao, whereas ZHY Asia Limited is solely owned by Mr. HY Zhao who is the brother of Mr. HL Zhao. Immediately after the Global Offering and the Capitalization Issue, 1,163,400,000 Shares will be owned by ZHL Asia Limited and 170,200,000 Shares will be owned by ZHY Asia Limited.

ZHL Asia Limited, ZHY Asia Limited, Mr. HL Zhao and Mr. HY Zhao are parties acting in concert and on 29 October 2013 they entered into a deed to confirm, among others, their acting-in-concert agreement. As such, immediately following completion of the Global Offering and the Capitalization Issue, ZHL Asia Limited and ZHY Asia Limited will together control approximately 34.12% interest in the issued share capital in the Company.

Mr. HL Zhao is deemed or taken to be interested in all the shares which are beneficially owned by ZHL Asia Limited.

Being an executive Director, Mr. HL Zhao is interested in the Reorganization.

Save as disclosed in this Prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this Prospectus.

#### (b) Interests of the substantial Shareholders

So far as is known to any Director or chief executive of the Company, immediately following the completion of the Global Offering and the Capitalization Issue and without taking into account any Shares which may be sold pursuant to the exercise of the Over-allotment Option, the following persons (other than a Director or chief executive of the Company) will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock

Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

*Long Positions in the Shares and the underlying Shares*

Name of Shareholder <i>(Note)</i>	Nature of interest/Capacity	Immediately following the completion of the Global Offering and the Capitalization Issue	
		Number of Shares held	Approximate % of interest
ZHL Asia Limited	Beneficial owner	1,333,600,000	34.12%
Ms. SX Li	Interest of spouse	1,333,600,000	34.12%
ZHY Asia Limited	Beneficial owner	1,333,600,000	34.12%
Mr. HY Zhao	Interest in a controlled corporation	1,333,600,000	34.12%

*Note:* ZHL Asia Limited is solely owned by Mr. HL Zhao, whereas ZHY Asia Limited is solely owned by Mr. HY Zhao who is the brother of Mr. HL Zhao. Immediately after the Global Offering and the Capitalization Issue, 1,163,400,000 Shares will be owned by ZHL Asia Limited and 170,200,000 Shares will be owned by ZHY Asia Limited.

ZHL Asia Limited, ZHY Asia Limited, Mr. HL Zhao and Mr. HY Zhao are parties acting in concert and on 29 October 2013 they entered into a deed to confirm, among others, their acting-in-concert agreement. As such, immediately following completion of the Global Offering and the Capitalization Issue, ZHL Asia Limited and ZHY Asia Limited will together control approximately 34.12% interest in the issued share capital in the Company.

Mr. HL Zhao is deemed or taken to be interested in all the Shares which are beneficially owned by ZHL Asia Limited and Mr. HY Zhao is deemed or taken to be interested in all the Shares which are beneficially owned by ZHY Asia Limited.

Ms. SX Li is the spouse of Mr. HL Zhao. Accordingly, Ms. SX Li is deemed or taken to be interested in all Shares in which Mr. HL Zhao is interested for the purpose of the SFO.

## **2. Directors' service contracts and appointment letters**

### **Executive Directors**

Each of our executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from 1 November 2013.

Each of our executive Directors is entitled to a basic salary as set forth below (subject to an annual increment of not more than 10% of the annual salary immediately prior to such increase after 31 December 2014 at the discretion of our Directors). In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 10% of the audited consolidated net profit of our Group (after taxation, minority interests and payment of such bonuses but

before extraordinary items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of our executive Directors are as follows:

Name	Annual salary (HK\$)
Mr. HL Zhao . . . . .	125,000
Wang Shaogang . . . . .	125,000
Fu Wenguo. . . . .	125,000
Su Shiqin. . . . .	125,000

### Non-executive Directors and INEDs

Each of our non-executive Directors has been appointed for an initial term of three years commencing from 1 November 2013. Each of our non-executive Directors is not entitled to any director's fee.

Each of our INEDs has been appointed for an initial term of three years commencing from 7 November 2013. Each of Mr. Zhang Yuezhou and Mr. Zhu Zhanbo is entitled to a director's fee of HK\$125,000 per annum, and Mr. Wu Chi Keung is entitled to a director's fee of HK\$200,000 per annum. Save for directors' fees, none of our non-executive Directors or INEDs is expected to receive any other remuneration for holding their office as a non-executive Director or an INED.

Save as disclosed aforesaid, none of our Directors has or is proposed to have a service contract with the Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

### 3. Directors' remuneration

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to the Directors in respect of each of the financial years ended 31 December 2011 and 2012 and the six months ended 30 June 2013 were approximately RMB397,000, RMB970,000 and RMB504,000, respectively (no emoluments were paid to the Directors in the year ended 31 December 2010).
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by the Directors (including the INEDs in their respective capacity as Directors) for the year ending 31 December 2013 are expected to be approximately RMB1 million.
- (iii) None of the Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2012 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2012.

#### 4. *Disclaimers*

Save as disclosed in this Prospectus:

- (a) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in “— F. Other Information — 6. Qualifications of experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this Prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors is materially interested in any contract or arrangement with our Group subsisting at the date of this Prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;
- (e) save in connection with Underwriting Agreements, none of the persons listed in “— F. Other Information — 6. Qualifications of experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save for the Underwriting Agreements, none of the persons listed in “— F. Other Information — 6. Qualifications of experts” below is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole;
- (g) none of our Directors has entered or has proposed to enter into any service agreements with the Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);

- (h) so far as is known to our Directors, none of our Directors or their associates or any Shareholder (which to the knowledge of our Directors owns 5% or more of the issued share capital of the Company) has any interest in any of the five largest customers or the five largest suppliers of our Group; and
- (i) none of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

## **D. SHARE OPTION SCHEME**

### ***1. Summary of terms***

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by our then Shareholders on 7 November 2013:

#### **(i) Purposes of the scheme**

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, the Directors and other selected participants for their contributions to our Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

#### **(ii) Who may join and basis of eligibility**

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time including any executive Director but excluding any non-executive Director) of the Company, any of our subsidiaries or any entity (the "Invested Entity") in which any member of our Group holds an equity interest;
- (bb) any non-executive Directors (including INEDs) of the Company, any of our subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of any member of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity;
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

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

The eligibility of any of the above class of participants to an offer for the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of our Group.

**(iii) Maximum number of the Shares**

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.
- (bb) The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date (i.e. 390,874,700 Shares) (the "General Scheme Limit").
- (cc) Subject to (aa) above but without prejudice to (dd) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, canceled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.



- (dd) Subject to (aa) above and without prejudice to (cc) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in (cc) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

**(iv) Maximum entitlement of each participant**

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

**(v) Grant of options to the Directors, chief executive or substantial Shareholders of the Company or their respective associates**

- (aa) Any grant of options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by INEDs (excluding the INED who or whose associates are the proposed grantee of the options).
- (bb) Where any grant of options to a substantial Shareholder or an INED or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
  - (ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK\$5 million;

such further grant of options must be approved by Shareholders in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting in favor at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of



such options must be taken on a poll. Any change in the terms of options granted to a substantial Shareholder or an INED or any of their respective associates must be approved by the Shareholders in general meeting.

**(vi) Time of acceptance and exercise of option**

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than ten years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

**(vii) Performance targets**

Unless the Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

**(viii) Subscription price for the Shares and consideration for the option**

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

**(ix) Ranking of the Shares**

- (aa) The Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been entered on the register of members of the Company as the holder thereof.

- (bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

**(x) Restrictions on the time of the offer for the grant of options**

No offer for grant of options shall be made after inside information has come to its notice until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (bb) the deadline for the Company to publish an announcement of its results for any year, half-year, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no option for the grant of options may be made.

The Directors may not make any offer for the grant of option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

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

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

**(xii) Rights on ceasing employment**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and shall not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive Director but not any non-executive Director) of the Company, any of our subsidiaries or any Invested Entity.

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

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months

following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

**(xiv) Rights on dismissal**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offense (other than an offense which in the opinion of the Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

**(xv) Rights on breach of contract**

If the Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above, his option will lapse automatically on the date on which the Directors have so determined.

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

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

**(xvii) Rights on winding up**

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is

to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolutions to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

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

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

- (aa) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and
- (bb) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

**(xix) Adjustments to the subscription price**

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the options so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iv) any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

**(xx) Cancellation of options**

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so canceled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

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

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

**(xxii) Rights are personal to the grantee**

An option is personal to the grantee and shall not be transferable or assignable.

**(xxiii) Lapse of option**

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the option period in respect of such option;
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); and
- (cc) the date on which the Directors exercise the Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

**(xxiv) Miscellaneous**

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

- (ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of the Company in general meeting.

## **2. *Present status of the Share Option Scheme***

### **(i) Approval of the Listing Committee required**

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

### **(ii) Application for approval**

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

### **(iii) Grant of option**

As of the date of this Prospectus, no options had been granted or agreed to be granted under the Share Option Scheme.

### **(iv) Value of options**

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as of the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

### **(v) Compliance with Listing Rules**

The Share Option Scheme complies with Chapter 17 of the Listing Rules.

## **E. ESTATE DUTY, TAX AND OTHER INDEMNITIES**

Our Controlling Shareholders (the “Indemnifiers”) have entered into a deed of indemnity with and in favor of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (kk) referred to in paragraph B(1) above) to provide indemnities on a joint and several basis, in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof

under the laws of any jurisdiction outside Hong Kong) to any member of our Group at any time on or before the Listing whether alone or in conjunction with any other circumstances whenever occurring and whether or not the tax liabilities are chargeable against or attributable to any other person, firm, company or corporation; and

- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interest relation to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 30 June 2013;
- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on 30 June 2013 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction:
  - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 30 June 2013; and
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 June 2013 or pursuant to any statement of intention made in this Prospectus; or
- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 30 June 2013 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.



Pursuant to the deed of indemnity, the Indemnifiers have on a joint and several basis undertaken to indemnify each member of our Group, among other indemnities:

- (a) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings which such member of our Group may incur, suffer, accrue, directly or indirectly, from any act of such member arising from or in connection with any non-compliance of such member on or before the date of Listing, including not having obtained all relevant approvals, permits, licences and/or certificates for conducting its businesses, including but not limited to the non-compliances as disclosed in this prospectus (whether concerning the passing of environmental completion acceptance inspection of the Group's farms from environmental supervision agencies before starting formal production, or the contribution of housing funds or otherwise) or all litigation, arbitration, claims, counter-claims; actions, complaints, demands, judgments and/or legal proceedings by or against any member of our Group which was issued, accrued and/or arising from any act of any such member at any time on or before the Listing Date; and
- (b) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings arising from the relocation by such member arising from or in connection with the lessors' lack of relevant title certificates or documents or the lessors' registration default in relation to the lease agreements to the extent that damages, if any, recovered from the relevant lessor are inadequate to cover the related costs of such member.

The provisions contained in the deed of indemnity are conditional on the conditions stated in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus being fulfilled or, to the extent permitted, waived by the relevant party. If such conditions are not fulfilled or, to the extent permitted, waived on or before the date falling 30 days from the date of this prospectus, the deed of indemnity shall become null and void and cease to have effect.

Our Directors have been advised that no material liability for estate duty under the laws of the Bermuda or the BVI is likely to fall on our Group members.

Under the deed of indemnity, each of the Indemnifiers has also undertaken to us that he/she/it will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganization.

## **F. OTHER INFORMATION**

### ***1. Joint Sponsors***

The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.



As regards the independence of each of the Joint Sponsors (in alphabetical order):

- (a) China Securities (International) Corporate Finance Company Limited has satisfied the requirements under Rule 3A.07 of the Listing Rules and is an independent sponsor of the Company;
- (b) Credit Suisse (Hong Kong) Limited is not considered an independent sponsor under Rule 3A.07 of the Listing Rules as the Company and certain members of our Group currently have banking relationships with an affiliate of Credit Suisse (Hong Kong) Limited; and
- (c) Macquarie Capital Securities Limited has satisfied the requirements under Rule 3A.07 of the Listing Rules and is an independent sponsor of the Company.

## **2. *Litigation***

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group member, that would have a material adverse effect on our results of operations or financial condition of our Group.

## **3. *Preliminary expenses***

The preliminary expenses of the Company are estimated to be approximately US\$6,000 and are payable by the Company.

## **4. *Promoters***

The Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

## **5. *Agency fees or commissions received***

Except as disclosed in “Underwriting” in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this Prospectus.

**6. Qualifications of experts**

The qualifications of the experts who have given opinions and/or whose names are included in this Prospectus are as follows (in alphabetical order):

<b>Name</b>	<b>Qualifications</b>
China Securities (International) Corporate Finance Company Limited	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
Conyers Dill & Pearman	Bermuda barristers and attorneys
Credit Suisse (Hong Kong) Limited	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities (as defined in the SFO)
Ernst & Young	Certified Public Accountants
Jingtian & Gongcheng	Qualified PRC lawyers
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Valuer
Macquarie Capital Securities Limited	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)

**7. Consents of experts**

Each of the experts referred to in “— 6. Qualifications of experts,” has given and has not withdrawn its consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

Save as disclosed in this Prospectus, none of the experts named above has any shareholding interests in the Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of our subsidiaries.

**8. Binding effect**

This Prospectus shall have the effect, if an application is made in pursuance of this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance insofar as applicable.

**9. Financial adviser**

VMS Securities Limited (“VMS Securities”) has been appointed by the Company as the financial adviser in respect of the Global Offering. The appointment of VMS Securities was not made pursuant to the requirements of the Listing Rules, and the appointment of VMS Securities is separate and distinct from the appointment of the Joint Sponsors (which is required to be made by us pursuant to the Listing Rules). The Joint Sponsors are responsible for fulfilling their duties as sponsors to the Company’s application for listing on the Stock Exchange, and the Joint Sponsors have not relied on any of the work performed by VMS Securities in fulfilling those duties. VMS Securities’ role in the Global Offering is different from that of the Joint Sponsors in that it focuses on advising the Company throughout the listing process, including the selection of cornerstone investor(s) and strategic investor(s) for the Company. VMS Securities is a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

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

Dealings in Shares registered on the Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

**(b) Bermuda**

Under present Bermuda Law, transfers and other dispositions of Shares are exempt from Bermuda stamp duty.

**(c) Consultation with professional advisers**

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasized that none of the Company, the Selling Shareholders, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

*11. Miscellaneous*

- (a) Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus:
  - (i) no share or loan capital of the Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of the Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) neither the Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
  - (iv) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
  - (v) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares;
  - (vi) no interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus;
  - (vii) no arrangement under which future dividends are waived or agreed to be waived by the Company;
  - (viii) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
  - (ix) the Company has no outstanding convertible debt securities.
- (b) Our principal register of members will be maintained by our Principal Share Registrar, Codan Services Limited, in Bermuda and our Hong Kong branch register of members will be maintained by our Hong Kong Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in Bermuda.
- (c) The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2013 (being the date to which the latest audited consolidated financial statements of our Group were made up).

**12. Bilingual prospectus**

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

**13. Particulars of the Selling Shareholders**

The following sets out the brief particulars of the Selling Shareholders:

<b>Name of Selling Shareholder</b>	<b>Date of incorporation</b>	<b>Registered office</b>	<b>Relationship with our Group</b>
YHW Asia Limited	30 March 2012	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Yang Hongwei is the sole shareholder of this company and is an individual investor of our Group
ZSY Asia Limited	30 March 2012	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Zhao Siyuan is the sole shareholder of this company and is an individual investor of our Group
SB Asia Limited	30 March 2012	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Sun Bo is the sole shareholder of this company and is an individual investor of our Group
SXY Asia Limited	30 March 2012	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Sun Xiaoyan is the sole shareholder of this company and is an individual investor of our Group
MFQ Asia Limited	30 March 2012	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Meng Fanqing is the sole shareholder of this company and is an individual investor of our Group
Ares	31 January 2013	Maples Corporate Services Limited P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	A Pre-IPO Investor of our Group, whose background is set out in “History, Development and Reorganization — Pre-IPO Investments” in this Prospectus
OCBC	31 October 1932	65 Chulia Street, #09-00 OCBC Centre, Singapore 049513	A Pre-IPO Investor of our Group, whose background is set out in “History, Development and Reorganization — Pre-IPO Investments” in this Prospectus
KNI	18 March 2013	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	A Pre-IPO Investor of our Group, whose background is set out in “History, Development and Reorganization — Pre-IPO Investments” in this Prospectus