

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation**

Our Company was incorporated in the BVI on January 14, 2011. In anticipation of the listing of its Shares on the Stock Exchange, our Company re-domiciled from the BVI to the Cayman Islands on May 23, 2013 under the Cayman Companies Law. Our registered office is at P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. We have registered a place of business in Hong Kong at 3907-08, 39/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and have been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance. Ms. Kwong Yin Ping has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its registered place of business in Hong Kong set out above.

As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Companies Law are set out in Appendix V to this Prospectus.

**2. Changes in Share Capital**

As at the date of our incorporation on January 14, 2011, the authorized share capital of the Company was US\$50,000 divided into 50,000 Shares of par value of US\$1.00 each. The following sets out the changes in the Company's issued share capital since the date of its incorporation:

On January 18, 2011, 100 Shares of a par value of US\$1.00 were allotted, issued to Hengshi Investments as the initial subscriber, which were credited as fully paid up.

On August 20, 2013, Hengshi Investments transferred three Shares in our Company to Aowei Developments.

On November 3, 2013, pursuant to a Shareholder' resolution, the Company underwent a capitalization issue with the main steps as follows:

- (a) the authorized share capital of our Company was increased from US\$50,000 divided into 50,000 Shares of a par value of US\$1.00 each to US\$50,000 divided into 50,000 Shares of a par value of US\$1.00 each and HK\$1,000,000 divided into 10,000,000,000 Shares of a par value of HK\$0.0001 each, by the creation of an additional 10,000,000,000 Shares with a par or nominal value of HK\$0.0001 each to rank pari passu in all respects with the existing Shares;
- (b) the Company issued 1,091,250,000 and 33,750,000 Shares with a par value of HK\$0.0001 to Hengshi Investments and Aowei Developments, respectively;

- (c) immediately following the above step being effected, the Company repurchased 97 and three Shares with a par value of US\$1.00 (the “US\$ Shares”) in issue for a consideration of HK\$109,125 and HK\$3,375 from Hengshi Investments and Aowei Developments, respectively; and
- (d) immediately following the above step being effected, the Company cancelled all authorized US\$ ordinary shares, as a result, the authorized share capital of the Company became HK\$1,000,000 divided into 10,000,000,000 Shares of a nominal or par value of HK\$0.0001 each.

Immediately following the completion of the Global Offering, our authorized share capital upon completion of the Global Offering will be HK\$1,000,000 divided into 10,000,000,000 Shares, of which 1,500,000,000 Shares will be issued fully paid or credited as fully paid, and 8,500,000,000 Shares will remain unissued.

Save as disclosed in this Appendix and in the section headed “History, Development and Reorganization” in this Prospectus, there has been no alteration in the share capital of our Company since the date of its incorporation.

### 3. Shareholders’ Resolutions

Pursuant to the extraordinary general meeting held on November 3, 2013, our Shareholders resolved, among other matters, that:

- (a) the Memorandum of Association and Articles of Association were approved and adopted conditional upon Listing;
- (b) the capitalization issue as set out in the subsection headed “2. Changes in Share Capital” above;
- (c) conditional upon all the conditions set out in “Structure of the Global Offering – Conditions of the Global Offering” in this Prospectus being fulfilled:
  - 1) the Global Offering, the proposed Listing of the Shares on the Main Board of the Stock Exchange and the Over-allotment Option be and are hereby approved and the Board be and is hereby authorized to effect the same; and
  - 2) the Board be and is hereby authorized to allot and issue, and approve the transfer of such number of Shares in connection with the Global Offering.
- (d) a general unconditional mandate was hereby granted to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares and to make and grant offers or agreements or options which might require Shares to be allotted and issued, otherwise than pursuant to a rights issue or issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, not exceeding 20% of the aggregate nominal amount of the Shares in issue immediately following completion of the Global Offering, and such mandate shall remain in effect until the

conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws, or until such mandate is revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;

- (e) a general unconditional mandate was given to the Directors authorizing them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value of Shares to be repurchased by our Company not exceeding 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, and such mandate shall remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws, or until such mandate is revoked or varied by an ordinary resolution of Shareholders in a general meeting, whichever occurs first; and
- (f) the general mandate mentioned in paragraph (d) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by the Company pursuant to the mandate to purchase Shares referred to in paragraph (e) above.

#### **4. Repurchases of our own Shares**

This section includes information relating to the repurchase of our Shares, including information required by the Hong Kong Stock Exchange to be included in this Prospectus concerning such repurchase.

##### *(a) Relevant Legal and Regulatory Requirements*

The Listing Rules permit our Shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our Shareholders in a general meeting.

##### *(b) Shareholders' Approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On November 3, 2013, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering on the Hong Kong Stock

Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose before any exercise of the Over-allotment Option. This mandate will expire at the earliest of (i) the conclusion of our next annual Shareholders' general meeting, (ii) the date by which our next Shareholders' general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked or varied by ordinary resolutions of our Shareholders in a general meeting (the "**Relevant Period**").

(c) *Source of Funds*

Our repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded from the funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the above, we may make repurchases with funds which would otherwise be available for dividend or distribution or out of an issuance of new Shares for the purpose of the repurchase.

(d) *Reasons for Repurchases*

Our Directors believe that it is in the Company's and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit the Company and our Shareholders.

(e) *Funding of Repurchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules.

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

(f) *Share Capital*

The exercise in full of the current repurchase mandate, on the basis of 1,500,000,000 Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), could accordingly result in up to 150,000,000 Shares being repurchased by us during the Relevant Period.

(g) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, our Memorandum of Association and Articles of Association, the Cayman Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a shareholder's proportionate interest in our voting rights 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 us 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 of repurchases which would arise under the Takeovers Code.

No connected person as defined by the Listing Rules has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

## 5. Changes in the Share Capital of Subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this Prospectus:

(a) *Sichuan Panshi*

In June 2011, Sichuan Panshi was established under the laws of the PRC with a registered capital of RMB120 million which was fully paid up.

In July 2011, Aowei Group transferred its entire equity interest in Sichuan Panshi to Hengshi HK at a consideration of RMB120 million.

In September 2011, the registered capital of Sichuan Panshi was increased to RMB150 million which was fully paid up as of the Latest Practicable Date.

(b) *Sichuan Hengwen*

In June 2011, Sichuan Hengwen was established under the laws the PRC with a registered capital of RMB120 million which was fully paid up as of the Latest Practicable Date.

In June 2011, Aowei Group transferred its entire equity interest in Sichuan Hengwen to Sichuan Panshi at a consideration of RMB120 million.

(c) *Aowei Mining*

In June 2011, Aowei Mining was established under the laws of the PRC with a registered capital of RMB120 million which was fully paid up as of the Latest Practicable Date.

In June 2011, Aowei Group transferred its entire equity interest in Aowei Mining to Sichuan Hengwen at a consideration of RMB120 million.

(d) *Jingyuancheng Mining*

In June 2011, Aowei Group transferred its entire equity interest in Jingyuancheng Mining to Aowei Mining at a consideration of RMB65 million.

In May 2012, the registered capital of Jingyuancheng Mining was increased from RMB15 million to RMB80 million which was fully paid up as of the Latest Practicable Date.

(e) *Xinxin Mining*

In June 2011, Mr. Wang Jianjun and Mr. Zhang Fuqing each transferred 10% of the equity interest in Xinxin Mining to Aowei Group at nil consideration. After such share transfer, Xinxin Mining became wholly owned by Aowei Group.

In June 2011, Aowei Group transferred its entire equity interest in Xinxin Mining to Aowei Mining at a consideration of RMB55 million.

In May 2012, the registered capital of Xinxin Mining was increased from RMB3 million to RMB50 million, of which RMB28 million was transferred from capital surplus and RMB19 million was contributed by Aowei Mining. As of the Latest Practicable Date, the registered capital of Xinxin Mining was fully paid up.

(f) *Jiheng Mining*

In July 2011, Jiantou Mining transferred its 50% equity interest in Jiheng Mining to Aowei Mining at a consideration of approximately RMB40.71 million. After such transfer, Jiheng Mining was owned by Aowei Mining (as to 50%), Laiyuan Nonferrous Metal (as to 30%) and Xinrui Mining (as to 20%).

In December 2011, Xinrui Mining transferred its 20% equity interest in Jiheng Mining to Aowei Mining at a consideration of RMB90 million. After such transfer, Jiheng Mining was owned by Aowei Mining (as to 70%) and Laiyuan Nonferrous Metal (as to 30%).

In January 2012, Laiyuan Nonferrous Metal transferred its 20% equity interest in Jiheng Mining to Laiyuan Jiantou, an Independent Third Party, at a consideration of RMB80 million. After such transfer, Jiheng Mining was owned by Aowei Mining (as to 70%), Laiyuan Nonferrous Metal (as to 10%) and Laiyuan Jiantou (as to 20%).

In April 2012, Laiyuan Jiantou transferred its 20% equity interest in Jiheng Mining to Aowei Mining at a consideration of RMB80 million. After such transfer, Jiheng Mining was owned by Aowei Mining (as to 90%) and Laiyuan Nonferrous Metal (as to 10%). Laiyuan Nonferrous Metal has expressed its intention to transfer its remaining 10% equity interest in Jiheng Mining to us, subject to obtaining all necessary approvals from the relevant government authorities. As at the Latest Practicable Date, the details of the transfer were still being negotiated.

(g) *Hengshi HK*

On February 2, 2011, Hengshi HK was incorporated under the laws of Hong Kong. 100 shares were allotted and issued to our Company on the same day, which were credited as fully paid up.

Save as disclosed in this Prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this Prospectus.

## 6. Corporate Reorganization

We underwent the reorganization in preparation for the Listing. Please refer to the section headed “History, Development and Reorganization” in this Prospectus.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within the two years preceding the date of this Prospectus which are or may be material:

- (a) an equity transfer agreement of Jiheng Mining dated December 20, 2011 entered into between Xinrui Mining and Rongcheng County Jiuhengjiye Technology Co., Ltd. (容城縣久恒基業科技有限公司) (currently known as Aowei Mining), pursuant to which Xinrui Mining agreed to transfer its 20% equity interests in Jiheng Mining to Rongcheng County Jiuhengjiye Technology Co., Ltd.;
- (b) an equity transfer agreement dated April 28, 2012 entered into between Laiyuan Jiantou and Laiyuan County Jiuhengjiye Technology Co., Ltd. (涇源縣久恒基業科技有限公司) (currently known as Aowei Mining), pursuant to which Laiyuan Jiantou agreed to transfer its 20% equity interests in Jiheng Mining to Laiyuan County Jiuhengjiye Technology Co., Ltd. at a consideration of RMB80 million;
- (c) a loan exemption agreement dated December 31, 2012 entered into between Hengshi Holdings and our Company, pursuant to which Hengshi Holdings agreed to irrevocably exempt three shareholder loans owed by our Company to Hengshi Holdings with an aggregate amount of US\$23.5 million;
- (d) a confirmation letter dated November 12, 2013 entered into between Hengshi Holdings and our Company, pursuant to which parties thereto clarified that, to avoid confusion, Hengshi Holdings agreed to irrevocably exempt the three shareholder loans as set out in (c) above and there was no consideration for such exemption;



- (e) a maximum mortgage agreement dated May 10, 2013 entered into between Jiheng Mining and China Construction Bank Corporation Rongcheng Sub-branch, pursuant to which Jiheng Mining agreed to provide a mortgage on its mining license to China Construction Bank Corporation Rongcheng Sub-branch, to secure a series of loans to be granted by China Construction Bank Corporation Rongcheng Sub-branch to Jiheng Mining from May 10, 2013 to May 9, 2016 with a maximum amount of RMB220 million;
- (f) a working capital loan agreement in RMB dated June 7, 2013 entered into between Jiheng Mining and China Construction Bank Corporation Rongcheng Sub-branch, pursuant to which China Construction Bank Corporation Rongcheng Sub-branch agreed to provide a series of loans to Jiheng Mining with a total amount of RMB101.6 million from June 8, 2013 to June 5, 2015;
- (g) a working capital loan agreement in RMB dated July 11, 2013 entered into between Jiheng Mining and China Construction Bank Corporation Rongcheng Sub-branch, pursuant to which China Construction Bank Corporation Rongcheng Sub-branch agreed to provide a series of loans to Jiheng Mining with a total amount of RMB98.4 million from July 11, 2013 to July 10, 2015;
- (h) an entrust loan agreement dated September 4, 2013 entered into among Jiheng Mining, Hebei Jinhai Industry Group Co., Ltd. and China Construction Bank Corporation Baoding Branch, pursuant to which China Construction Bank Corporation Baoding Branch agreed to provide a loan to Jiheng Mining with a total amount of RMB80 million from September 4, 2013 to September 3, 2015, with Hebei Jinhai Industry Group Co., Ltd. being the entrustor lender;
- (i) a guarantee agreement dated September 4, 2013 entered into between Jiheng Mining, Hebei Jinhai Industry Group Co., Ltd. and Jingyuancheng Mining, pursuant to which Jingyuancheng Mining agreed to provide a guarantee to Hebei Jinhai Industry Group Co., Ltd. for the benefit of Jiheng Mining, on a joint basis, for the entrust loan as set out in (h) above;
- (j) an entrust loan agreement in RMB dated September 10, 2013 entered into between Jiheng Mining and China CITIC Bank Co., Ltd. Shijiazhuang Branch, in which China CITIC Bank Co., Ltd. Shijiazhuang Branch agreed to provide a loan to Jiheng Mining with a total amount of RMB60 million from September 10, 2013 to September 10, 2015, pursuant to an entrust loan agreement on the same date entered into between Baoding Aosen Clothing Making Co., Ltd. and China CITIC Bank Co., Ltd. Shijiazhuang Branch with Baoding Aosen Clothing Making Co., Ltd. being the entrustor lender;
- (k) a guarantee agreement dated September 10, 2013 entered into between Jiheng Mining, Baoding Aosen Clothing Making Co., Ltd. and Xinxin Mining, pursuant to which Xinxin Mining agreed to provide a guarantee to Baoding Aosen Clothing Making Co., Ltd. for the benefit of Jiheng Mining, on a joint basis, for the entrust loan as set out in (j) above;



- (l) an entrust loan agreement dated September 16, 2013 entered into among Jiheng Mining, Hebei Fuye Property Development Co., Ltd. and China Construction Bank Corporation Baoding Branch, pursuant to which China Construction Bank Corporation Baoding Branch agreed to provide a loan to Jiheng Mining with a total amount of RMB50 million from September 17, 2013 to September 16, 2015, with Hebei Fuye Property Development Co., Ltd. being the entrustor lender;
- (m) a guarantee agreement dated September 16, 2013 entered into between Jiheng Mining, Hebei Fuye Property Development Co., Ltd. and Jingyuancheng Mining, pursuant to which Jingyuancheng Mining agreed to provide a guarantee to Hebei Fuye Property Development Co., Ltd. for the benefit of Jiheng Mining, on a joint basis, for the entrust loan as set out in (l) above;
- (n) a cornerstone investment agreement dated October 31, 2013 entered into between our Company, Reignwood International Investment (Group) Company Limited, Credit Suisse (Hong Kong) Limited and Merrill Lynch International, pursuant to which Reignwood International Investment (Group) Company Limited agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be subscribed for an aggregate amount of US\$20,000,000;
- (o) a cornerstone investment agreement dated November 1, 2013 entered into between our Company, Asia Paragon International Limited, Credit Suisse (Hong Kong) Limited and Merrill Lynch International, pursuant to which Asia Paragon International Limited agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be subscribed for an aggregate amount of US\$10,000,000;
- (p) a cornerstone investment agreement dated November 5, 2013 entered into between our Company, Choi Chee Ming, Credit Suisse (Hong Kong) Limited and Merrill Lynch International, pursuant to which Choi Chee Ming agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be subscribed for an aggregate amount of US\$20,000,000;
- (q) a cornerstone investment agreement dated November 5, 2013 entered into between our Company, Chow Tai Fook Nominee Limited, Credit Suisse (Hong Kong) Limited and Merrill Lynch International, pursuant to which Chow Tai Fook Nominee Limited agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be subscribed for an aggregate amount of US\$15 million;
- (r) a cornerstone investment agreement dated November 5, 2013 entered into between our Company, VMS Investment Group Limited, Credit Suisse (Hong Kong) Limited and Merrill Lynch International, pursuant to which VMS Investment Group Limited agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be subscribed for an aggregate amount of US\$15 million;

- (s) a cornerstone investment agreement dated November 13, 2013 entered into between our Company, Beijing Huaxia Jianlong Mining Technology Co., Ltd, Credit Suisse (Hong Kong) Limited and Merrill Lynch International, pursuant to which Beijing Huaxia Jianlong Mining Technology Co., Ltd agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be subscribed for an aggregate amount of US\$10,000,000;
- (t) the Deed of Indemnity;
- (u) the Deed of Non-competition; and
- (v) the Hong Kong Underwriting Agreement.

## 2. Intellectual Property Rights

### *Domain names*

As at the Latest Practicable Date, the following domain name was registered and principally used by our Group in its business operations:

Domain Name	Registrant	Valid until
<a href="http://www.hengshimining.com">www.hengshimining.com</a> . . . . .	The Company	March 28, 2016

### *Trademarks*










As at the Latest Practicable Date, our Group has applied for registration of the following trademark in Hong Kong:

Trademark	Applicant	Application number	Class	Date of application
 恒實礦業 HENGSHI MINING	The Company	302628036	6, 14, 35, 36, 39, 40, 41, 43	June 4, 2013

As at the Latest Practicable Date, our Group has applied for registration of the following trademark in the United Kingdom:

Trademark	Applicant	Application number	Class	Date of application
 恒實礦業 HENGSHI MINING	The Company	UK00003009988	6, 14, 35, 36, 39, 40, 41, 43	June 14, 2013

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks in the PRC:

Trademark	Applicant	Application number	Class	Date of application
	The Company	13293448	6	September 26, 2013
	The Company	13293468	14	September 26, 2013
	The Company	13293473	35	September 26, 2013
	The Company	13293462	36	September 26, 2013
	The Company	13293455	6	September 26, 2013
	The Company	13293461	36	September 26, 2013
	The Company	13293483	39	September 26, 2013
	The Company	13293491	40	September 26, 2013
	The Company	13293493	41	September 26, 2013
	The Company	13293499	43	September 26, 2013

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

### 1. Disclosure of Interests

- (a) *Interests and short positions of the Directors and the chief executive officer of our Company in the shares, underlying shares and debentures of our Company and our associated corporations*

Immediately following completion of the Global Offering (without taking into account of any Shares that may be issued upon the exercise of the Over-allotment Option), the interests and short positions of the Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our 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, under Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”), once the Shares are listed will be as follows:

(1) *Interest in our Company*

Name of Director or chief executive	Nature of interest	Number of Shares or underlying Shares <sup>(1)</sup>	Approximate percentage of shareholding interest
Mr. Li Yanjun <sup>(2)</sup> . .	Beneficial owner	1,125,000,000 <sup>(L)</sup>	75%
Mr. Li Ziwei <sup>(2)</sup> . . .	Beneficial owner	1,125,000,000 <sup>(L)</sup>	75%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares.
- (2) Mr. Li Ziwei is the settler, protector and a beneficiary of the Family Trust which holds the entire issued share capital of Hengshi Holdings (holding 100% issued share capital of Hengshi Investments) through Chak Limited and is the settler, protector and a beneficiary of the Management Trust which holds the entire issued share capital of Aowei Developments through Seven Limited. Pursuant to the Confirmation Letters, Mr. Li Ziwei and Mr. Li Yanjun acted and will continue to act in concert to make decisions and exercise discretions in respect of the matters of the Family Trust and the Management Trust and exercise all voting rights attached to the shares of Hengshi Investments and Aowei Developments, respectively. Therefore, Mr. Li Ziwei and Mr. Li Yanjun are deemed to be interested in the 1,091,250,000 Shares held by Hengshi Investments (which is 100% owned by Hengshi Holdings) as disclosed above and the 33,750,000 Shares held by Aowei Developments immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), together representing 100% of our issued share capital immediately prior to the Global Offering and 75% of our issued share capital immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(2) *Interest in our Associated Corporations*

Name of Director or chief executive	Position in our Associated Corporations	Percentage Shareholding in our Associated Corporations
Mr. Li Yanjun <sup>(1)</sup> . . .	N/A	100% Shares of Chak Limited, Hengshi Holdings, Hengshi Investments, Seven Limited and Aowei Developments
Mr. Li Ziwei <sup>(1)</sup> . . .	Director of Chak Limited, Hengshi Holdings, Hengshi Investments, Seven Limited and Aowei Developments	100% Shares of Chak Limited, Hengshi Holdings, Hengshi Investments, Seven Limited and Aowei Developments

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 Note:

- (1) Mr. Li Ziwei is the settler, protector and a beneficiary of the Family Trust which holds the entire issued share capital of Hengshi Holdings (holding 100% issued share capital of Hengshi Investments) through Chak Limited and is the settler, protector and a beneficiary of the Management Trust which holds the entire issued share capital of Aowei Developments through Seven Limited. Pursuant to the Confirmation Letters, Mr. Li Ziwei and Mr. Li Yanjun acted and will continue to act in concert to make decisions and exercise discretions in respect of the matters of the Family Trust and the Management Trust and exercise all voting rights attached to the shares of Hengshi Investments and Aowei Developments, respectively. Therefore, Mr. Li Ziwei and Mr. Li Yanjun are deemed to be interested in the 100% Shares of Chak Limited, Hengshi Holdings, Hengshi Investments, Seven Limited and Aowei Developments.

(b) *Interests and short positions of the Substantial Shareholders in the Shares and Underlying Shares of Our Company*

So far as our Directors are aware, immediately following the completion of the Global Offering (without taking into account any Shares that may be issued upon the exercise of the Over-allotment Option), each of the following persons will have an interest or short position in the Shares or 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 who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in any circumstance at general meetings of our Company:

Name	Capacity/ Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of interest in our Company immediately after the Global Offering
Mr. Li Yanjun (through his interest pursuant to the Confirmation Letters as described in note 2 below) . . . . .	Beneficial owner <sup>(2)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Mr. Li Ziwei . . . . .	Beneficial owner <sup>(2)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Chak Limited . . . . .	Legal owner and beneficial owner <sup>(3)(4)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Hengshi Holdings . . . . .	Legal owner and beneficial owner <sup>(3)(4)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Hengshi Investments . . . . .	Legal owner and beneficial owner <sup>(4)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Seven Limited . . . . .	Legal owner and beneficial owner <sup>(3)(4)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Aowei Developments . . . . .	Legal owner and beneficial owner <sup>(4)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Management Trust . . . . .	Legal owner <sup>(2)</sup>	1,125,000,000 <sup>(L)</sup>	75%
Family Trust . . . . .	Legal owner <sup>(2)</sup>	1,125,000,000 <sup>(L)</sup>	75%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Mr. Li Ziwei is the settler, protector and a beneficiary of the Family Trust which holds the entire issued share capital of Hengshi Holdings (holding 100% issued share capital of Hengshi Investments) through Chak Limited and is the settler, protector and a beneficiary of the Management Trust which holds the entire issued share capital of Aowei Developments through Seven Limited. Pursuant to the Confirmation Letters, Mr. Li Ziwei and Mr. Li Yanjun acted and will continue to act in concert to make decisions and exercise discretions in respect of the matters of the Family Trust and the Management Trust and exercise all voting rights attached to the shares of Hengshi Investments and Aowei Developments, respectively. Therefore, Mr. Li Ziwei and Mr. Li Yanjun are deemed to be interested in the 1,091,250,000 Shares held by Hengshi Investments (which is 100% owned by Hengshi Holdings) as disclosed above and the 33,750,000 Shares held by Aowei Developments immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), together representing 100% of our issued share capital immediately prior to the Global Offering and 75% of our issued share capital immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

- (3) Hengshi Holdings holds 100% issued share capital of Hengshi Investments, thus Hengshi Holdings is deemed to be interested in the 1,091,250,000 Shares held by Hengshi Investments. Chak Limited holds 100% issued share capital of Hengshi Holdings, thus Chak Limited is deemed to be interested in the 1,091,250,000 Shares held by Hengshi Investments. Seven Limited holds 100% issued share capital of Aowei Developments, thus Seven Limited is deemed to be interested in the 33,750,000 Shares held by Aowei Developments.
- (4) Mr. Li Ziwei and Mr. Li Yanjun are deemed as the ultimate controlling shareholders of Chak Limited, Hengshi Holdings, Hengshi Investments, Seven Limited and Aowei Developments. Therefore, Chak Limited, Hengshi Holdings, Hengshi Investments, Seven Limited and Aowei Developments are deemed to be interested in all the 1,125,000,000 Shares.

(c) *Interests of the substantial shareholder of any member of our Group (other than our Company)*

So far as our Directors are aware, no person (other than members of the Group) will, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

## 2. Arrangement with Our Directors

(a) *Service Contracts of our Directors*

Each of our Directors has entered into a service contract with our Company on November 3, 2013, with a term of three years commencing from the Listing Date, which may be terminated by not less than three months' prior written notice served by either party on the other. The service agreements may be renewed upon expiry.

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

(b) *Directors' remuneration*

- (i) For the three years ended December 31, 2012 and the six months ended June 30, 2013, the aggregate amount of salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Directors were approximately RMB0.08 million, RMB0.14 million, RMB0.89 million and RMB0.58 million respectively. Save as disclosed under Note 6 to the financial information in the Accountants' Report set out in Appendix I to this Prospectus, no Director received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2012 and the six months ended June 30, 2013.



- (ii) Under the current arrangements, our Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2013 under arrangement in force as of the date of this Prospectus which is expected to be approximately RMB4.7 million in aggregate.
- (iii) None of the Directors or any past Directors or the five highest paid individuals of any members of our Group has been paid any sum of money for the three years ended December 31, 2012 and the six months ended June 30, 2013 (i) as an inducement to join or upon joining our 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 remuneration or benefits in kind for the three years ended December 31, 2012 and the six months ended June 30, 2013.

#### **D. FEES OR COMMISSIONS RECEIVED**

Save as disclosed in this Prospectus, none of the Directors or any of the persons whose names are listed in the paragraph headed “Consents” in this Appendix VI had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this Prospectus.

#### **E. PERSONAL GUARANTEES**

Our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

#### **F. DISCLAIMERS**

Save as disclosed in this Prospectus:

- (i) save as disclosed in “C Further Information about Our Directors and Substantial Shareholders – 1. Disclosure of Interests – (a) Interests and short positions of the Directors and the chief executive officer of our Company in the shares, underlying shares and debentures of our Company and our associated corporations” in this appendix, none of the Directors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us 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 SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required,

pursuant to the Model Code to be notified to us and the Stock Exchange, in each case once our Shares are listed;

- (ii) none of our Directors nor any of the parties listed in the paragraph headed “Consents” of this appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this Prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
- (iii) none of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the Shares are listed on the Stock Exchange;
- (iv) save as disclosed in this Prospectus, none of our Directors nor any of the parties listed in paragraph headed “Consents” of this appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is unusual in nature or which is significant in relation to our business;
- (v) none of the parties listed in the paragraph headed “Qualification of experts” of this appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (vi) none of our Directors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

## G. OTHER INFORMATION

### 1. Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after February 11, 2006.

Our Directors have been advised that there is no taxation in the nature of estate duty in the Cayman Islands.

### 2. Stamp Duty

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

### 3. Indemnity

Mr. Li Ziwei and Mr. Li Yanjun have entered into a deed of indemnity (the “**Deed of Indemnity**”) with and in favor of our Company (for itself and as trustee for each of the other group companies) on November 12, 2013, to give certain joint and several indemnities in favor of the Company (for itself and, where appropriate, as trustee for each of the other group companies) in respect of, among other matters:

- (a) any duty which is or hereafter becomes payable by any member of the Group by virtue of section 35 of the Estate Duty Ordinance or legislation similar thereto in Hong Kong or any part of the world or section 43 of the Estate Duty Ordinance or legislation similar thereto in Hong Kong or any part of the world on or before the Listing Date; and
- (b) tax liabilities (including all fines, penalties, costs, charges, liabilities, expenses and interests incidental or relating to taxation) which might be payable by any member of the Group in respect of any income, profits or gains, earned, accrued or received on or before the Listing Date.

Mr. Li Ziwei and Mr. Li Yanjun are under no liability under the Deed of Indemnity in respect of any taxation, among other matters:

- (c) to the extent that full provision or allowance has been made for such taxation in the Accountants' Report set out in Appendix I to this Prospectus, for each of the three years ended December 31, 2010, 2011 and 2012 respectively;
- (d) the liability for such taxation is caused by the act of omission of, or transaction voluntarily effected by, any member of the Group which is/are carried out or effected otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date or carried out or entered into pursuant to a legally binding commitment after the Listing Date; or
- (e) any provision or reserve made for such taxation in the Accountants' Report set out in Appendix I to this Prospectus for each of the three years ended December 31, 2010, 2011 and 2012 respectively which is finally established to be an over-provision or an excessive reserve.

#### **4. Litigation**

As of the Latest Practicable Date, no member of the Group is involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings of material importance are pending or threatened against any member of the Group.

#### **5. Joint Sponsors**

BAML satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Credit Suisse does not satisfy the independence criteria for sponsors as set out in Rule 3A.07 of the Listing Rules because Credit Suisse Trust Limited (an affiliate of Credit Suisse) 1) acts as the trustee of a discretionary trust established for the benefit of Mr. Li Ziwei and his family and has the powers customarily granted to a discretionary trustee; and 2) acts as trustee of a discretionary trust established for the benefit of certain Directors and senior management of our Group and has the powers customarily granted to a discretionary trustee.

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

**6. Preliminary expenses**

Our estimated preliminary expenses are approximately HK\$0.18 million. All preliminary expenses and all expenses relating to the Global Offering will be borne by the Company.

**7. Promoter**

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.

**8. Qualification of experts**

The qualifications of the experts who have given opinions in this Prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
Commerce & Finance Law Offices	PRC legal counsel to our Company
Maples and Calder	Cayman Islands counsel to our Company
KPMG	Certified public accountants
SRK	Competent Person
Savills Valuation and Professional Services Limited	Independent Property Valuer
AME	Independent Industry Consultant
Protiviti	Internal Control Consultant

**9. Consents**

Each of the experts as referred to in the paragraph headed “Qualification of experts” in this appendix has given, and has not withdrawn, their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests 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 the Group.

#### **10. Binding effect**

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

#### **11. Reserves Available for Distribution**

As at June 30, 2013, our Company has reserves of nil available for distribution to our Shareholders.

#### **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 Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

#### **13. No material adverse change**

Our Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2013 and no material changes have occurred since the date of the Competent Person's Report up to the date of this prospectus.

#### **14. Taxation of holders of Shares**

##### *(a) Hong Kong*

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair 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. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

**15. 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 our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid for in cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
  - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
  - (v) no commission (except commissions to the Underwriters) has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in this Prospectus, our Group has not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
  - (i) there is no arrangement under which future dividends are waived or agreed to be waived; and
  - (ii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this Prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by Maples Fund Services (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.



- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) No company within our Group is presently listed or dealt with on any other stock exchange or traded on any trading system nor is any listing or permission to deal with being or proposed to be sought on an other stock exchange or trading system.
- (g) The Directors have been advised that, under the Cayman Companies Law, the use of a Chinese name by our Company for identification purposes only does not contravene the Cayman Companies Law.