

## SHARE CAPITAL

As at the date of this prospectus, the registered share capital of the Company is RMB400,000,000 divided into 400,000,000 Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of the Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
48,800,000	Domestic Shares <sup>(1)</sup> . . . . .	9.15%
351,200,000	H Shares to be converted from Unlisted Foreign-invested Shares <sup>(2)</sup>	65.85%
133,340,000	H Shares to be issued under the Global Offering . . . .	25.00%
533,340,000		100%

Assuming the Over-allotment Option is exercised in full, the share capital of the Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
48,800,000	Domestic Shares <sup>(1)</sup> . . . . .	8.82%
351,200,000	H Shares to be converted from Unlisted Foreign – invested Shares <sup>(2)</sup>	63.47%
133,340,000	H Shares to be issued under the Global Offering . . . .	24.10%
20,000,800	H Shares to be issued upon full exercise of Over-allotment Option . . . . .	3.61%
553,340,800		100%

Notes:

- (1) As at the date of this prospectus, these Domestic Shares are held by Junding Investments, Yuncai Investments, Leading Fortune, Leading Investments, Bairui Leading, Tianrui Leading, Shiji Tianfu, Shiji Caifu and Tiangui Leading.
- (2) As at the date of this prospectus, these Unlisted Foreign-invested Shares are held by Fuguiniao Holdco and Wo Hing Trading. These Unlisted Foreign-invested Shares will be converted into H Shares, which will be listed on the Stock Exchange, immediately after the Global Offering. As advised by our PRC legal adviser, Zhong Lun Law Firm, according to the PRC Securities Law, any domestic enterprise that directly or indirectly issues any shares abroad or lists its shares abroad shall be subject to the approval of the securities regulatory authority under the State Council according to the relevant provisions of the State Council. These Unlisted Foreign-invested Shares are allowed to be converted into H Shares and listed on the Hong Kong Stock Exchange for trading, provided that approval granted by CSRC is obtained. As advised by our PRC legal adviser, Zhong Lun Law Firm, we have received the above-mentioned approval from the CSRC for the conversion of our Unlisted Foreign-invested Shares into H Shares, and such conversion complies with all the applicable laws and regulations of the PRC.

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### PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalisation at the time of listing of not less than HK\$50 million.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering (whether or not the Over-allotment Option is exercised in full). We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after Listing.

### Our Shares

Our Domestic Shares, Unlisted Foreign-invested Shares and H Shares are all ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares and Unlisted Foreign-invested Shares, on the other hand, may only be subscribed for and traded in Renminbi. Apart from certain qualified domestic institutional investors in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can only be subscribed for by and transferred between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors. Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within three months following the announcement of dividends distribution. Dividends and other payments payable to holders of H shares and Unlisted Foreign-invested Shares shall be denominated and declared in Renminbi and payable in Hong Kong Dollars within three months following the announcement of dividends distribution.

As at the date of this prospectus, our promoters hold all existing Domestic Shares and Unlisted Foreign-invested Shares as promoters' shares (as defined in the PRC Company Law) which constitute the entire issued share capital of our Company. Under the PRC Company Law, promoter shares may not be sold within a period of one year from 29 June 2012, on which we were organised as a joint stock limited liability company. This lock-up period expired on 28 June 2013. The PRC Company Law further provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing on any stock exchange.

Except as described in this prospectus and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix VI to this prospectus, our Domestic Shares and our H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all

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dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

### **Increase in share capital**

As advised by our PRC legal adviser, Zhong Lun Law Firm, pursuant to the Articles of Association of the Company and relevant PRC laws and regulations, the Company, upon Listing of its H Shares and with its Unlisted Foreign-invested Shares having been fully converted into H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Domestic Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of shareholders whose interest is affected at a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders' meeting. For details, please refer to the paragraph headed "3. Variations of Rights of Existing Shares or Classes of Shares" under "Appendix VI – Summary of Articles of Association" of this prospectus.

Securities Law of the PRC requires the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organisation; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council. The public offer requires the approval of CSRC.

### **CONVERSION OF OUR UNLISTED SHARES INTO H SHARES**

#### **Conversion of Unlisted Shares**

Upon the completion of the Global Offering, we will have two classes of ordinary shares, H Shares and Domestic Shares. All of our Domestic Shares are unlisted Shares which are not listed or traded on any stock exchange, therefore, the scope of our unlisted Shares is the same as the scope of our Domestic Shares. The term "unlisted Shares" is used to describe whether certain Shares are listed on a stock exchange and is not unique to PRC laws. Given the above, our PRC legal adviser, Zhong Lun Law Firm, has advised us that the use of the term "unlisted Shares" in the Articles of Association does not contravene and are not inconsistent with any PRC laws and regulations (including the Special Regulations and Mandatory Provisions).

In accordance with the PRC Company Law and laws and regulations of the PRC related to foreign-invested companies and also in accordance with the Articles of Association, our unlisted Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange provided that prior to the conversion and trading of such converted shares any requisite internal approval by

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Shareholders in a general meeting (but without the necessity of Shareholders' approval by class) shall have been duly obtained and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of our unlisted Shares are to be converted into and traded as H Shares on the Stock Exchange, such conversion will need to obtain the approval of the relevant PRC regulatory authorities including the CSRC. Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong. No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform shareholders and the public of any proposed conversion.

### **Mechanism and Procedures for Conversion**

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange complying with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

### **TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE**

The PRC Company Law provides that in relation to the Hong Kong Public Offering of a company, the shares issued by a company prior to the Hong Kong Public Offering of shares shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

### **REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE**

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (關於境外上市公司非境外上市股份集中登記存管有關事宜的通知) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 working days upon listing.