

1. FURTHER INFORMATION

A. Incorporation

We were incorporated as a joint stock limited company on April 23, 2012 under the laws of the PRC. We have established our place of business in 1st Floor Xiu Ping Commercial Building, 104 Jervois Street, Hong Kong and registered as a non-Hong Kong company pursuant to Part 16 of the Companies Ordinance on April 11, 2014. SENG SZE, Ka Mee Natalia at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong has been appointed as our agent to receive legal process in Hong Kong.

As we were incorporated in the PRC, we are required to comply with the relevant laws and regulations in the PRC. A summary of relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV of the prospectus. Our Articles of Association are summarized in Appendix V to this prospectus.

B. Changes in the registered capital of our Company

Our predecessor was established in Shenzhen, the PRC on March 29, 2000, with a fully-paid registered capital of HK\$10 million.

Upon our establishment on April 23, 2012, our registered capital was RMB700 million divided into 700,000,000 shares at a par value of RMB1.00 each, which were fully-paid and were owned by BSAM, BSAM (HK), Jianghuai Fund, Poly Fund, Beijing Venture Capital and Jingxiu Investment as to 73.54%, 3.55%, 9.96%, 6.97%, 2.99% and 2.99%, respectively.

Immediately after completion of the Global Offering, the registered capital of our Company will be RMB1,000,000,000 comprising of 645,140,208 Unlisted Shares and 354,859,792 H Shares (including 30,000,000 H Shares converted from Unlisted Shares and held by National Council for Social Security Fund and 24,859,792 H Shares to be converted from Unlisted Shares and held by BSAM (HK)) at a par value of RMB1.00 each), assuming the Over-allotment Option is not exercised.

Immediately after completion of the Global Offering, the registered capital of our Company will be RMB1,045,000,000 comprising of 640,640,208 Unlisted Shares and 404,359,792 H Shares (including 34,500,000 H Shares converted from Unlisted Shares and held by National Council for Social Security Fund and 24,859,792 H Shares to be converted from Unlisted Shares and held by BSAM (HK)) at a par value of RMB1.00 each), assuming full exercise of the Over-allotment Option.

Save for disclosure made in this appendix, there were no changes in our Company's share capital since our establishment on April 23, 2012.

C. Resolutions passed at our extraordinary shareholders' meetings on November 1, 2013, December 18, 2013 and January 22, 2014

Our Shareholders approved the following resolutions at our extraordinary shareholders' meetings held on November 1, 2013, December 18, 2013 and January 22, 2014, including, amongst others:

- (a) the issue and listing of H Shares were approved on the basis that the number of H Shares to be issued shall not exceed 30% of the total listed shares. The offer price of H Shares shall be jointly determined by our Company and the principal Underwriter in accordance with international practice and pursuant to the result of roadshow and book-building, combining with the overseas capital market conditions upon the issue of H Shares, the general valuation level of companies in the industry of our Company, and the market subscription level. The state-owned shareholders of our Company, subject to the approval of the PRC regulatory authorities, will each hold shares equivalent to 10% of H Shares issued in this offering pro rata to their existing holdings of shares and such shares will be attributable to the NCSSF;
- (b) the Articles of Association was approved and adopted, effective from the Listing Date;
- (c) corporate governance rules which will be effective upon our Listing, including, among others, meeting rules of shareholders' meeting, the Board of Directors and Supervisory Committee, terms of references of board committees, rules on administration of connected transactions, rules on administration of information disclosure, working rules of independent non-executive Directors and the securities trading rules of Directors, Supervisors and senior management;
- (d) general mandate was granted by our Company to the Board to issue unlisted shares and/or H Shares to the extent that the number of shares shall be less than 20% of issued H shares or issued unlisted shares, as the case may be. Such general mandate shall be effective from the Listing Date and shall expire on the date on which the first shareholders' general meeting of our Company to be held after Listing or the general meeting to be held where the Shareholders amend or revoke the terms of the general mandate, whichever is earlier; and
- (e) approval was granted to the Board and authorized persons to transact, among others, all matters in relation to the issue of H Shares and Listing.

2. REORGANIZATION

In anticipation of the Global Offering, we have underwent the Reorganization, the details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus. As confirmed by Tian Yuan Law Firm, our PRC legal advisors, we have obtained all the approvals required for the Reorganization from the relevant PRC regulatory authorities. The main procedures of our Reorganization are as follows:

- (a) the valuation report (Tian Xing Ping Bao Zi 2011 (No.262)) issued by Beijing Pan-China Assets Appraisal Co. Ltd, including the total assets that are to be injected into our Company as of May 31, 2011;

- (b) the approval issued by the Beijing SASAC (Jing Guo Zi Chan Quan 2011 No.169) in respect of the valuation report referred to in (a) above;
- (c) the approval issued by Beijing SASAC (Jing Guo Zi Chan Quan 2011 No.277) on December 15, 2011 approving the management proposal with respect to the state-owned shareholding of our Company;
- (d) the approval issued by Shenzhen Technology, Industry and Information Commission (深圳市科技工貿和信息化委員會) (Shen Ke Gong Mao Xin Zi Zi 2012 No.0051) on January 10, 2012 approving incorporation of our Company;
- (e) the resolutions in respect of the incorporation of our Company passed at the promoters' meeting and general meeting held by our Company on April 11, 2012; and
- (f) the new business license issued by Market Supervision Administration Bureau of Shenzhen Municipality (深圳市市場監督管理局) on April 23, 2012, pursuant to which we were duly incorporated as a joint stock limited company.

3. FURTHER INFORMATION OF OUR SUBSIDIARIES

Our main subsidiaries (for the purpose of Hong Kong Listing Rules) as of December 31, 2013 are set forth in the financial statements of the Accountants' Report in Appendix I to this prospectus. Except for the capital increase of Haining Company from RMB90 million to RMB100 million on April 29, 2014, there were no changes in the share capital of our subsidiaries within two years prior to the date of this prospectus.

4. FURTHER INFORMATION ABOUT OUR BUSINESS

A. 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 two years immediately preceding the date of this prospectus which are or may be material:






- (a) an equity transfer agreement dated November 22, 2012 between our Company and Beijing State-Owned Assets Management (Hong Kong) Company Limited (北京國資(香港)有限公司), pursuant to which our Company acquired 100% equity interest in Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司) from Beijing State-Owned Assets Management (Hong Kong) Company Limited (北京國資(香港)有限公司), at a consideration of RMB120,919,500;
- (b) an equity transfer agreement dated October 8, 2013 between our Company, Ms. Lou Xiangqian (樓湘倩女士) and Mr. Guo Kangmin (郭康民先生), pursuant to which our Company acquired 100% equity interest in Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽市富力建設有限公司) from Ms. Lou Xiangqian (樓湘倩女士) and Mr. Guo Kangmin (郭康民先生) at a consideration of RMB27,050,000;

- (c) the Non-Competition Agreement dated December 23, 2013 between our Company and Beijing State-Owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司), as detailed in “Relationship with Controlling Shareholders—Non-Competition Agreement and Undertakings” of this prospectus; and
- (d) the Hong Kong Underwriting Agreement.

B. Our intellectual property rights


Trademarks

As at the Latest Practicable Date, we have registered the following trademarks in the PRC⁽¹⁾:

| Number | Owner | Trademark | Registration address | Registration number | Maturity Date | Category |
|--------|-------------|--|----------------------|---------------------|------------------|----------|
| 1 | Our Company |  綠色動力 DYNAGREEN | The PRC | 3521853 | December 6, 2014 | 40 |
| 2 | Our Company |  DYNAGREEN | The PRC | 8261118 | May 6, 2021 | 42 |
| 3 | Our Company |  DYNAGREEN | The PRC | 8261096 | May 6, 2021 | 7 |
| 4 | Our Company |  | The PRC | 8261146 | June 20, 2021 | 11 |
| 5 | Our Company |  | The PRC | 8261169 | August 6, 2021 | 40 |
| 6 | Our Company | 綠色動力 DYNAGREEN | The PRC | 8261138 | June 20, 2021 | 11 |
| 7 | Our Company | 綠色動力 DYNAGREEN | The PRC | 8261180 | July 27, 2021 | 40 |

- (1) Our Company has granted the use of the trademark with registration number 3521853 to the following subsidiaries until December 6, 2014 by means of ordinary license without compensation: Changzhou Company, Haining Company, Yongjia Company, Pingyang Company, Taizhou Company, Rushan Company, Wuhan Company, Zhangqiu Company, Jixian Company, Jurong Company, Anshun Company, Pingyao Company and Huizhou Company. Such ordinary licenses to all the aforementioned subsidiaries have been filed with the State Intellectual Property Office of the PRC (the “SIPO”).

We have also applied for registration of the following trademarks in Hong Kong, the registration of which has not yet been granted.

| Trademark | Applicant | Date of filing | Application number | Class | Renewal possibility |
|---|-------------|----------------|--------------------|-----------------|--|
|  | Our Company | March 26, 2014 | 302908870 | 11, 35, 37 & 40 | Once registered, it may be renewed for another ten years, if requested prior to expiry |

Patents

As at the Latest Practicable Date, the following are patents that we have been granted in the PRC and which we consider to be or may be material to our business⁽¹⁾:

| Number | Name of the patent | Owner of the patent | Patent Category | Patent no. | Maturity |
|--------|---|---|-----------------|------------------|--|
| 1 | The methodology and equipment for incineration of waste using multiple drive expeller grate incinerator | Our Company | Invention | ZL03126962.1 | June 19, 2003 to June 18, 2023 |
| 2 | The methodology and equipment for pre-drying of incinerated waste | Our Company | Invention | ZL02160760.5 | December 27, 2002 to December 26, 2022 |
| 3 | 250-ton three driver expeller grate incinerator | Our Company | Utility model | ZL201120107380.0 | April 13, 2011 to April 12, 2021 |
| 4 | Waste steaming and fermentation system for WTE plants | Our Company | Utility model | ZL201220083414.1 | March 7, 2012 to March 6, 2022 |
| 5 | Control device and system for grate incinerator and feeder | Our Company/Hangzhou Hollysys Automation Co., Ltd. (杭州和利時自動化有限公司) | Utility model | ZL201220379754.9 | July 31, 2012 to July 30, 2022 |

| Number | Name of the patent | Owner of the patent | Patent | | Maturity |
|--------|--|---|---------------|------------------|--|
| | | | Category | Patent no. | |
| 6 | Waste incineration control system and power plants based on DCS technology | Our Company/Hangzhou Hollysys Automation Co., Ltd. (杭州和利時自動化有限公司) | Utility model | ZL201220262127.7 | May 31, 2012 to May 30, 2022 |
| 7 | Control device and system for three driver expeller grate incinerator and feeder | Our Company/Hangzhou Hollysys Automation Co., Ltd. (杭州和利時自動化有限公司) | Utility model | ZL201220460826.2 | September 11, 2012 to September 10, 2022 |
| 8 | Supplementary cooling device of air cooling turbine generator | Our Company | Utility model | ZL201220287497.6 | June 15, 2012 to June 14, 2022 |
| 9 | Recycling device of the residual heat of boiler exhaust gas | Our Company | Utility model | ZL201320295037.2 | May 22, 2013 to May 21, 2023 |
| 10 | Incinerator with sewage separation device | Our Company | Utility model | ZL201320328243.9 | June 7, 2013 to June 6, 2023 |
| 11 | Low pressure water saving recycling system | Our Company | Utility model | ZL201320295036.8 | May 22, 2013 to May 21, 2023 |
| 12 | Wheeling style quantitative drug adding device | Our Company | Utility model | ZL201320477742.4 | August 6, 2013 to August 5, 2023 |
| 13 | Methods and device for chimney thunder protection and rustproof | Our Company | Invention | ZL201210058305.9 | March 7, 2012 to March 6, 2032 |

- (1) Our Company has granted the use of the patent with patent number ZL03126962.1 to the following subsidiaries until June 18, 2023 by means of ordinary license with certain compensation except for Yongjia Company: Pingyang Company, Wuhan Company, Rushan Company, Changzhou Company and Yongjia Company, all of which have been filed with SIPO. Our Company has also granted the use of the aforementioned patent to an independent third party Tongcheng City Waste Incineration Generation Co., Ltd. (桐城市垃圾焚燒發電有限公司) until June 18, 2023 by means of ordinary license without compensation, which has been filed with SIPO.

For the above patents numbered 5 to 7, as jointly owned by our Company and Hangzhou Hollysys Automation Co., Ltd. (杭州和利時自動化有限公司) pursuant to the “Cooperation Agreement for Joint Application of Patents” (《關於共同申請專利的合作協議》) signed between the two on June 25, 2012, all rights of the patents are jointly owned by both parties and unless mutual agreement of the parties is obtained, no licensing and transfer to any third party shall be made and the revenue from such licensing or transfer shall be shared equally by both parties. However, no consent is required from the counterparty if ordinary license is granted to the respective connected companies of the parties and the revenue gained therefrom shall be attributable to the respective parties. Our Company has renounced its right to the utility model “Anti-rust chimney with lightning rod”, with the patent number of ZL201220082899.2.

According to the “Licensing Contract of the Patent of ‘Solid waste leachate treatment’” (《「生活垃圾滲濾液處理方法」專利實施許可合同》) and the “Supplementary Agreement to the Licensing Contract of the Patent of ‘Solid waste leachate treatment’” (《「生活垃圾滲濾液處理方法」專利實施許可合同之補充協議》) entered into between our Company and Shenzhen Baisite Environmental Engineering Co., Ltd. (深圳市百斯特環保工程有限公司) on December 20, 2010 and November 13, 2012, respectively, Shenzhen Baisite Environmental Engineering Co., Ltd. (深圳市百斯特環保工程有限公司) granted the use of its invention patent, “Solid waste leachate treatment”, with a patent number of ZL200710075365.0 to our Company without compensation, from December 20, 2010 to the expiry date of the patent protection period, being July 30, 2027.

Under PRC law, a granted invention has a validity period of 20 years from the date of its application and a granted utility model has a validity period of 10 years from the date of its application.

Domain Name

As at the Latest Practicable Date, we have registered the following domain name:

| | |
|----------------------|-------------|
| Domain name | Registrant |
| www.dynagreen.com.cn | Our Company |

As of the Latest Practicable Date, we have applied for the following registrations:

| Number | Registrant | Name | Registration number | Date of completion | Date of issue of registration certificate |
|---------------|-------------------|--|---------------------------------|---------------------------|--|
| 1 | Our Company | “User manual of WTE project — 250-ton three driver expeller waste incinerator” | Guo Zuo DengZi-2012-A-00077521 | December 10, 2010 | November 23, 2012 |
| 2 | Our Company | “User manual of WTE project — 350-ton three driver expeller waste incinerator” | Guo Zuo Deng Zi-2012-A-00077520 | December 10, 2010 | November 23, 2012 |

5. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS**A. Particulars of Directors' and Supervisors' Contracts**

Each of the executive Directors and non-executive Directors, entered into a service contract with our Company on May 28, 2014.

Each of the Supervisors entered into a contract in respect of, among others, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration with our Company on May 28, 2014.

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

B. Remuneration of Directors and Supervisors

The aggregate amounts of compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses) which were paid to the Directors (in the case of Mr. QIAO Dewei, in his capacity as General Manager) and Supervisors (in the case of Ms. ZHONG Xia, in her capacity as assistant to General Manager and Manager of the Purchasing Department) during the three years ended December 31, 2011, 2012 and 2013 were approximately RMB1,375,000, RMB2,197,000 and RMB2,321,000, respectively.

Save as disclosed above, no other payments have been paid or are payable by us to the Directors and Supervisors during the three years ended December 31, 2011, 2012 and 2013.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director during the current financial year.

Each of the Directors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

6. DISCLOSURE OF INTERESTS

A. Disclosure of Interests

(a) Substantial Shareholders

To the best of the knowledge of our Directors, the following person(s) will, immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

| <u>Shareholder</u> | <u>Number of shares held after the Global Offering</u> | <u>Nature of interest</u> | <u>Approximate percentage of shareholding in the relevant class of Shares after the Global Offering⁽¹⁾</u> | <u>Approximate percentage of shareholding in the total share capital of our Company after the Global Offering⁽²⁾</u> |
|-------------------------------|--|---|---|---|
| BSAM ⁽³⁾ | 505,689,618 Unlisted Shares | Beneficial owner | 78.38% | 50.57% |
| BSAM/BSAM (HK) ⁽³⁾ | 24,859,792 H Shares | Interest in controlled corporation/ Beneficial owner | 7.01% | 2.49% |
| NCSSF | 30,000,000 H Shares | Beneficial owner | 8.45% | 3.00% |

Notes:

- (1) The calculation is based on the percentage of shareholding in Unlisted Shares or H Shares (as the case may be) of our Company after the Global Offering.
- (2) The calculation is based on the total number of 1,000,000,000 Shares in issue immediately after the Global Offering.
- (3) Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), BSAM will directly or indirectly hold 505,689,618 Unlisted Shares, representing 78.38% of the unlisted share capital and approximately 50.57% of the total share capital of our Company, respectively. In addition, BSAM (HK) is a wholly-owned subsidiary of BSAM and will hold 24,859,792 H Shares, representing approximately 2.49% of the total share capital of our Company. Pursuant to the SFO, BSAM is also deemed to be interested in the H Shares held by BSAM (HK). BSAM is also interested in 62.37% of the total share capital of Beijing Venture Capital, which is in turn interested in 3.06% of the Unlisted Shares, representing approximately 1.98% of the total share capital of our Company immediately upon completion of the Global Offering, taking no account of the H Shares which may be issued pursuant to the exercise of the Over-allotment Option. Therefore, BSAM is also deemed to be interested in the Unlisted Shares held by Beijing Venture Capital pursuant to the SFO.

(b) Directors

The interests and short positions of our Directors in the equity or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once our Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Hong Kong Listing Rules to be notified to us and the Hong Kong Stock Exchange, or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein once our Shares are listed, are as follows:

| <u>Director</u> | <u>Number of Shares held after the Global Offering</u> | <u>Nature of Interest</u> | <u>Approximate percentage of shareholding in the relevant class of Shares after the Global Offering⁽¹⁾</u> | <u>Approximate percentage of shareholding in the total share capital of our Company after the Global Offering⁽²⁾</u> |
|-------------------------------------|--|---------------------------------------|---|---|
| Mr. QIAO Dewei (喬德衛) ⁽³⁾ | 20,918,478 Unlisted Shares | Interest of controlled corporation | 3.24% | 2.09% |

(1) The calculation is based on the percentage of shareholding in Unlisted Shares of our Company after the Global Offering.

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue immediately after the Global Offering.

(3) Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Jingxiu Investment will hold 20,918,478 Unlisted Shares, representing 3.24% of the unlisted share capital and approximately 2.09% of the total share capital of our Company, respectively. As Mr. QIAO Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, pursuant to the SFO, Mr. QIAO Dewei is deemed to be interested in the Unlisted Shares held by Jingxiu Investment.

B. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors, Supervisors or any of the parties listed in paragraph 7F in this appendix is interested in the promotion of our Company, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, our Company, or are proposed to be acquired or disposed of by or leased to our Company;
- (b) none of the Directors, Supervisors or any of the parties listed in paragraph 7F in this appendix is materially interested in any contract or arrangement subsisting as at the date of this prospectus which is significant in relation to our business taken as a whole;

- (c) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties in the aforesaid paragraph:
- (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiary;
or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;
- (d) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Hong Kong Stock Exchange;
- (e) as at the Latest Practicable Date, none of the Directors, Supervisors, their respective associates, or any of the Shareholders (who to the knowledge of the Directors owns more than 5% of our issued share capital), had any interest in any of our top five suppliers and top five clients in respect of each of the services our business provides;
- (f) none of the Directors, Supervisors and chief executives of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Hong Kong Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the H Shares are listed on the Hong Kong Stock Exchange;
- (g) no amount, securities or benefit has been paid, allotted or given within the two years preceding the date of this prospectus to the promoter nor is any such amount, securities or benefit intended to be paid, allotted or given. None of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and
- (h) none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person in respect of the three years ended December 31, 2011, 2012 and 2013 as an inducement to join or upon joining our Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

7. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC law is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the section headed “Business — Regulatory Compliance and Legal Proceedings” in this prospectus, as at the Latest Practicable Date, we are not involved in any material litigation, arbitration or administrative proceedings. So far as the Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

C. The Sole Sponsor

The Sole Sponsor, namely, CITIC Securities Corporate Finance (HK) Limited has declared its independence pursuant to Rule 3A.07 of the Hong Kong Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, our H Shares.

Our Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which (as superseded by the Hong Kong Underwriting Agreement) our Company agreed to pay the Sole Sponsor a fee of RMB2.5 million (equivalent to approximately HK\$3.2 million) to act as the Sole Sponsor to our Company in the Global Offering.

D. Compliance advisor

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules.

E. Preliminary expenses

Our estimated preliminary expenses are approximately RMB1,792,000 and have been paid by us.

F. Qualification of experts

The qualifications of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this prospectus are as follows:

| Name | Qualification |
|--|---|
| CITIC Securities Corporate Finance (HK) Limited | A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| Tian Yuan Law Firm | PRC legal advisors of our Company |
| KPMG | Certified Public Accountants |
| Grant Sherman Appraisal Limited | Independent and property valuer |
| Ernst & Young (China) Advisory Limited Beijing Branch Office | Independent industry consultant |

G. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is HK\$2.00 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix III — Taxation and Foreign Exchange” to this prospectus.

H. No material adverse change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2013.

I. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

J. Restrictions on Repurchase of Shares*The restrictions on repurchase of shares under the PRC laws*

Our Company may, pursuant to the procedures as stipulated under the Articles of Association and upon the approval of the competent authority, repurchase our outstanding Shares under the following circumstances pursuant to the statutory procedures:

- (1) cancellation of Shares for the purpose of reducing the registered capital of our Company;

- (2) merger with another company that holds Shares in our Company;
- (3) distribution of Shares to employees of our Company as rewards;
- (4) request from Shareholders for our Company to repurchase their Shares due to their objection to the resolution of merger or division made at a shareholders' general meeting;
- (5) other circumstances as permitted by laws and administrative regulations.

Following the repurchase of Shares in accordance with paragraphs (1), (2) and (4) above, the repurchased Shares shall be cancelled or transferred within the period prescribed by the relevant laws, regulations and requirements of the Hong Kong Listing Rules. The Shares repurchased in accordance with paragraph (3) shall not exceed the maximum proportion as allowed by the law and regulations, and such purchase shall be funded by after tax profit of our Company, and such Shares shall be transferred to the employees within the specified period.

In addition, all repurchase of our H Shares shall be made in accordance with relevant provisions of the Hong Kong Listing Rules.

K. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no member of our Group has issued or agreed to issue any founder or management or deferred shares;
- (d) no member of our Group has issued or agreed to issue any debentures;
- (e) our Company has no outstanding convertible debt securities or debentures;
- (f) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special terms have been granted in connection with the issue or sale of any of the shares or loan capital of our Company or any of our subsidiaries;

- (g) there is no arrangement under which future dividends are waived or agreed to be waived;
- (h) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;
- (j) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law;
- (k) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (l) there are no contracts for hire or hire purchase of plant to or by us for a period of larger than one year which are substantial in relation to our business; and
- (m) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

L. Consents

Each of CITIC Securities Corporate Finance (HK) Limited as our Sole Sponsor, KPMG as our Reporting Accountants, Grant Sherman Appraisal Limited as our independent and property valuer, Tian Yuan Law Firm as our PRC legal advisors, Ernst & Young (China) Advisory Limited Beijing Branch Office as our independent industry consultant has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of any of its certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it is included.

None of the experts named above has any shareholding interests in our 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 our Company or any of our subsidiaries.

M. Promoters

The promoters of our Company are BSAM, BSAM (HK), Jianghuai Funds, Poly Fund, Beijing Venture Capital and Jingxiu Investment. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, security or benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

N. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus. Relevant information is provided in the section headed “Connected Transactions” in this prospectus and in note 27 of the “Accountants’ Report” in Appendix I to this prospectus.

O. Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favor of lenders in connection with any banking facilities granted to or obtained by us.

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

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.