

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

### INTRODUCTION

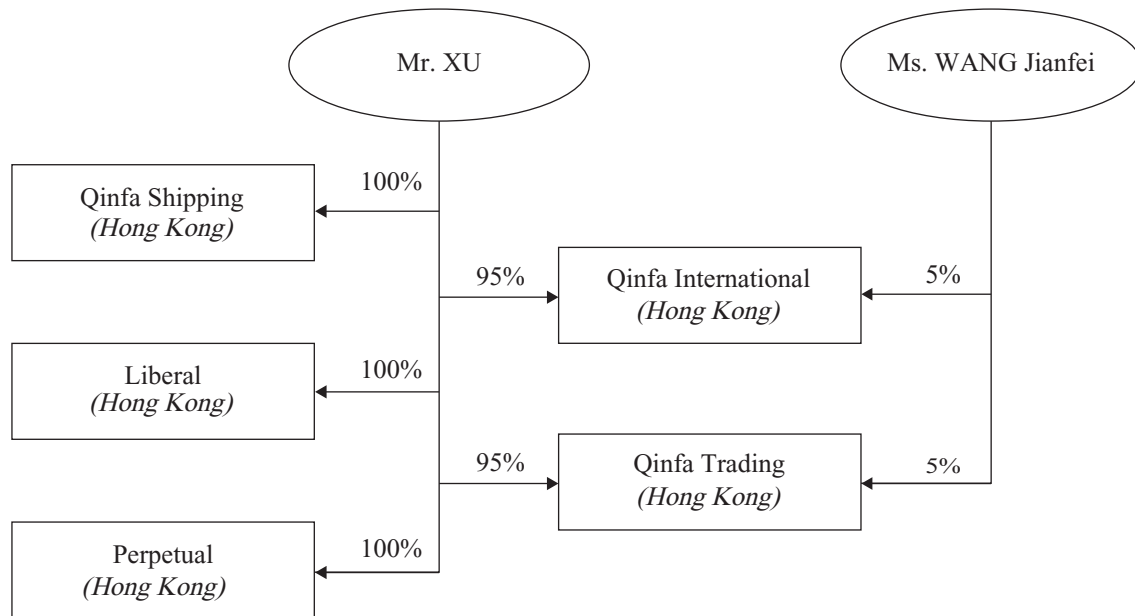
In contemplation of the [●], members of China Qinfu Group and Hong Kong Qinfu Group have undergone certain restructuring steps whereby a structure of the Group has been established that is suitable for [●].

The Reorganisation involved the following steps:–

- transfer of the coal trading business conducted by Qinfu Industry to Qinhuangdao Trading;
- transfer of shares in various members of Hong Kong Qinfu Group held by Mr. XU and Ms. WANG Jianfei to Qinfu Investment pursuant to the First Share Exchange Agreement;
- signing of the Deed of Common Control;
- incorporation of the Company as the holding company of the Group and completion of the Final Share Exchange Agreement;
- establishment of the Trust Scheme and adoption of the [●] and the Share Option Scheme by the Company; and
- entering into the Structure Contracts between Qinfu Logistics and each member of China Qinfu Group and all its respective equity holders.

## REORGANISATION AND THE STRUCTURE CONTRACTS

Immediately before completion of the Reorganisation and as of 31 December 2007, the shareholding and corporate structure of Hong Kong Qinfu Group is as follows:-



For the purpose of the [●], the following steps have been implemented.

### Transfer of the coal trading business conducted by Qinfu Industry to Qinhuangdao Trading

On 30 March 2008, Qinhuangdao Trading and Qinfu Industry entered into a business transfer agreement pursuant to which Qinfu Industry transferred to Qinhuangdao Trading all assets, liabilities and staff in relation to its coal trading business (except for its investment holding of 51% equity interest in both Qinhuangdao Trading and Datong Jinfa) for nil consideration. Following completion of this transfer, Qinfu Industry is not engaged in any coal trading business which competes or may compete with the Group's business but currently operates a hotel in Qinhuangdao which was acquired in 2001. Qinfu Industry also holds 51% equity interest in Qinhuangdao Trading and Datong Jinfa.

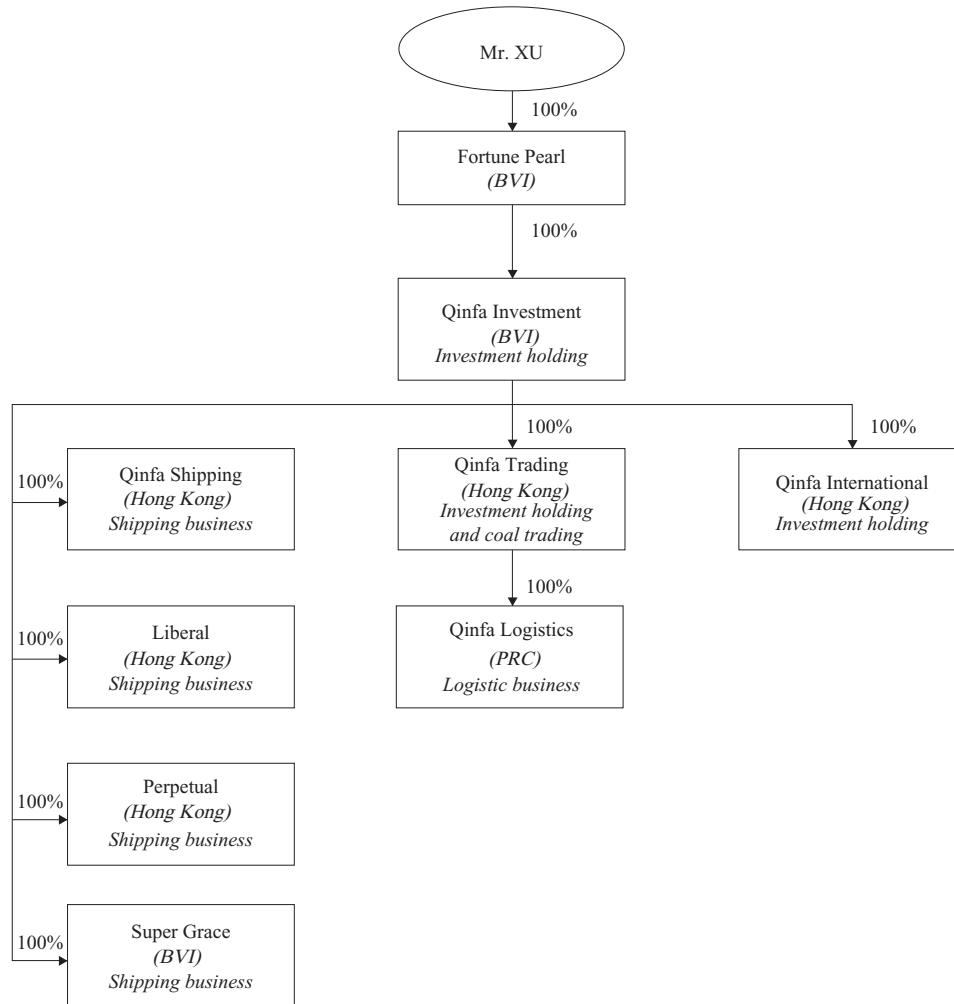
### Transfer of shares in various members of Hong Kong Qinfu Group held by Mr. XU and Ms. WANG Jianfei to Qinfu Investment pursuant to the First Share Exchange Agreement

On 7 April 2008, Qinfu Investment issued and allotted one share to Mr. XU. On 6 October 2008, Mr. XU transferred this one share to Fortune Pearl.

Pursuant to the First Share Exchange Agreement, Mr. XU and Ms. WANG Jianfei transferred their shares in Qinfu International, Qinfu Trading, Qinfu Shipping, Liberal, Perpetual and Super Grace to Qinfu Investment for 4,800 shares of Qinfu Investment allotted and issued to Fortune Pearl, credited as fully-paid. The First Share Exchange Agreement was completed on 6 October 2008 following which Qinfu Investment has become the holding

## REORGANISATION AND THE STRUCTURE CONTRACTS

company of all members of Hong Kong Qinfa Group. The following diagram illustrates the shareholding and corporate structure of Hong Kong Qinfa Group following completion of the First Share Exchange Agreement and as of 31 December 2008:-



### Signing of the Deed of Common Control

In order to confirm that all members of the Group were under substantially the same control during the Track Record Period, Mr. XU, Ms. WANG Jianfei, Mr. XU Da, Mr. LIU Jingwei and Ms. ZHOU Lusha entered into the Deed of Common Control on 10 June 2009 confirming that they were acting collectively in controlling the business of the Group during the Track Record Period. This control was evidenced by the resolutions passed at general meetings and/or minutes of the meetings of the board of directors of the relevant members of the Group during the relevant period. Mr. LIU Jingwei and Ms. ZHOU Lusha have left the Group since April 2008 and January 2008, respectively, and are currently working for Qinfa Industry. Mr. XU Da, the son of Mr. XU, is a business development manager of the Group.

---

## **REORGANISATION AND THE STRUCTURE CONTRACTS**

---

Mr. XU, Fortune Pearl and the beneficiaries of the Trust Scheme, namely, Ms. WANG Jianfei, Mr. XU Da, Mr. WENG Li, Mr. LIU Jingwei and Ms. ZHOU Lusha, are the Controlling Shareholders. Mr. XU is the founder of the Group and an executive Director. Mr. LIU Jingwei and Ms. ZHOU Lusha were involved in the management of the Group during the Track Record Period and are shareholders of certain members of China Qinfu Group on behalf of Mr. XU. Ms. WANG Jianfei was a shareholder of certain members of the Group. Both Ms. WANG Jianfei and Mr. WENG Li are executive Directors and were involved in the management of the Group during the Track Record Period. Mr. XU Da is the son of Mr. XU and is a business development manager of the Group. In light of this background information and their past and present involvement in the management of the Group, all of them are considered to be the Controlling Shareholders.

### **Incorporation of the Company as the holding company of the Group and completion of the Final Share Exchange Agreement**

On 4 March 2008, one Share was transferred from the subscriber to Mr. XU. On 10 June 2009, Mr. XU transferred his one share to Fortune Pearl.

On 12 June 2009, the Final Share Exchange Agreement was entered into, among others, between Fortune Pearl and the Company, pursuant to which Fortune Pearl agreed to transfer 4,801 shares in Qinfu Investment to the Company for 999,999 Shares allotted and issued, credited as fully-paid, to Fortune Pearl. Following completion of this transaction, the Company has become the ultimate holding company of all members of Hong Kong Qinfu Group. The Company is wholly-owned by Fortune Pearl.

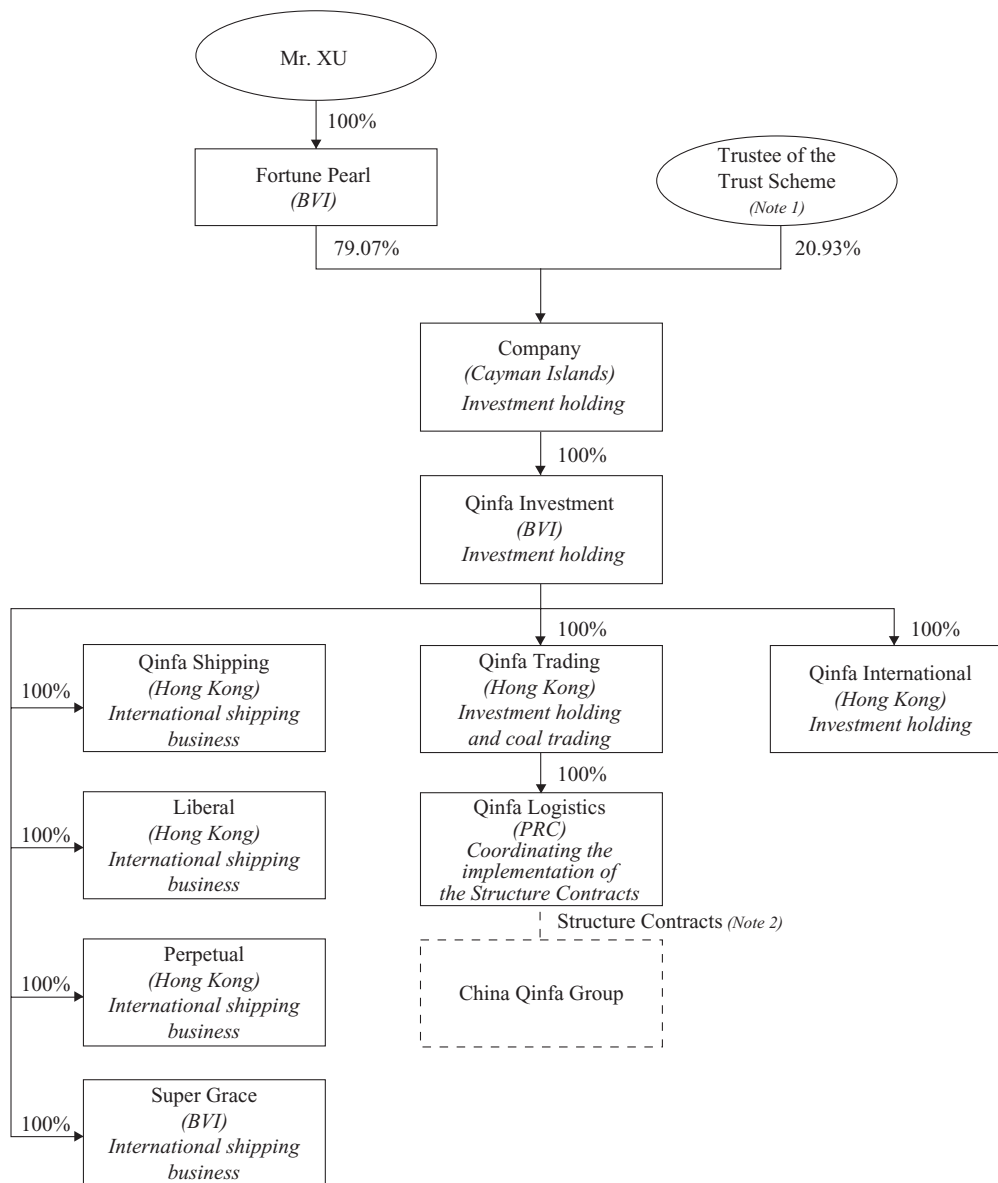
### **Establishment of the Trust Scheme and adoption of the [●] Share Option Scheme by the Company**

On 13 June 2009, Fortune Pearl adopted the Trust Scheme whereby an aggregate of 209,333 Shares were transferred to Equity Trust (HK) Limited, acting as the trustee of the Trust Scheme, for the benefit of Ms. WANG Jianfei, Mr. XU Da, Mr. WENG Li, Mr. LIU Jingwei and Ms. ZHOU Lusha. Further information on the Trust Scheme is set forth in the paragraphs under "Trust Scheme" in Appendix V to this document.

## REORGANISATION AND THE STRUCTURE CONTRACTS

### Shareholding and corporate structure of the Group

The following diagram illustrates the shareholding and corporate structure of the Group as of the Latest Practicable Date:–



Notes:–

- (1) The 209,333 Shares held by Equity Trust (HK) Limited, acting in the capacity as the trustee of the Trust Scheme, were transferred from Fortune Pearl on 13 June 2009 at the aggregate par value. The beneficiaries of the Trust Scheme are Ms. WANG Jianfei, Mr. WENG Li, Mr. XU Da, Mr. LIU Jingwei and Ms. ZHOU Lusha. Ms. WANG Jianfei and Mr. WENG Li are executive Directors. Mr. XU Da is a business development manager of the Group. In addition to his beneficial interest in the Shares under the Trust Scheme, Mr. LIU Jingwei holds 10% equity interest in Zhuhai Qinfa Trading, 96% equity interest in

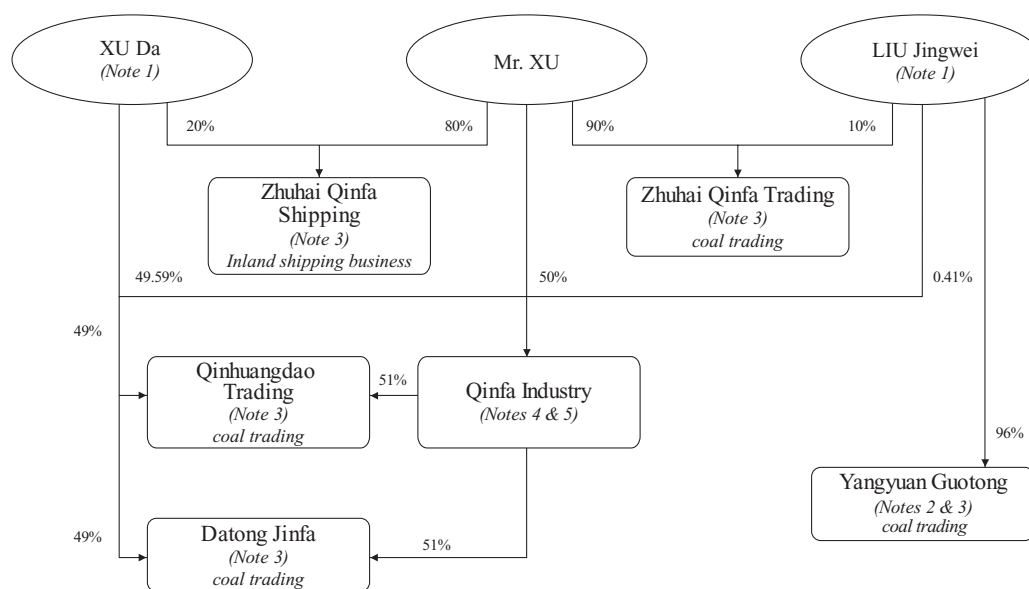
## REORGANISATION AND THE STRUCTURE CONTRACTS

Yangyuan Guotong and 0.41% equity interest in Qinfa Industry, all on trust for Mr. XU. In addition to her beneficial interest under the Trust Scheme, Ms. ZHOU Lusha holds 4% equity interest in Yangyuan Guotong for Mr. XU. Mr. LIU Jingwei is the legal representative of Yangyuan Guotong.

The trustee of the Trust Scheme will act upon the terms and conditions of the trust deed of the Trust Scheme and in accordance with applicable laws and regulations. No person may issue letter of wishes subsequent to the establishment of the Trust Scheme. Further information on the Trust Scheme is set forth under “Trust Scheme” in Appendix V to this document.

- (2) Particulars of the Structure Contracts are set forth in “Reorganisation and the Structure Contracts – Structure Contracts” of this document.

The following diagram illustrates the shareholding and corporate structure of China Qinfa Group as of the Latest Practicable Date:–



Notes:–

- (1) Mr. XU Da and Mr. LIU Jingwei are holding the equity interests in members of China Qinfa Group on trust for Mr. XU. Mr. LIU Jingwei is the legal representative of Yangyuan Guotong and has no other relationship with Mr. XU.
- (2) The remaining 4% equity interest of Yangyuan Guotong is held by Ms. ZHOU Lusha on trust for Mr. XU. Ms. ZHOU Lusha has no other relationship with Mr. XU.
- (3) These are the principal operating subsidiaries of the Group.
- (4) Qinfa Industry is not a member of China Qinfa Group.
- (5) Qinfa Industry was intended to be a holding company of Qinhuangdao Trading and Datong Jinfa. As such, 51% equity interest of Qinhuangdao Trading and Datong Jinfa was transferred to be held by Qinfa Industry during the Track Record Period.

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

### Legality

As stated in “Reorganisation and the Structure Contracts – Structure Contracts – Legality” of this document, the Structure Contracts do not require any approvals or filing with PRC governmental authorities, except for requisite filings with local taxation bureaus [which were completed after the signing of the Structure Contracts.] Save as in respect of such filing obligation, as confirmed by the PRC Legal Advisers, all approvals and permits required under the PRC laws and regulations in connection with each stage of the Reorganisation have been obtained.

### STRUCTURE CONTRACTS

#### Introduction

The Group comprises China Qinfa Group and Hong Kong Qinfa Group. The Company is the ultimate holding company of Hong Kong Qinfa Group. Mr. XU, being one of the Controlling Shareholders, is the ultimate beneficial owner of China Qinfa Group. Having considered the significant increase in the demand for coal imported from overseas into China and the expansion of the Group’s overseas coal operation business. The Directors strategically planned to centralise the management and operation of the Group’s coal business in China and overseas markets and determined that Hong Kong Qinfa Group should manage and operate the coal operation business in China through the establishment of Qinfa Logistics in February 2008. By centralising the management and operation of the Group’s coal operation in China and overseas markets, the Group is able to respond to changing market conditions efficiently and effectively. This is important when the Zhuhai Terminal becomes operational as the Group’s international transshipment hub. However, after verbal consultations with the relevant PRC governmental authorities at Qinhuangdao, Zhuhai, Datong and Yangyuan at which the Group operates its coal business, the Directors understand that the PRC governmental authorities currently do not grant Coal Operation Certificates to foreign equity controlled companies as a matter of practice. In addition, according to (i) Article 7 of 中華人民共和國水路運輸管理條例 (The Regulations on the Management of Waterway Transport of the PRC) promulgated by the State Council on 12 May 1987 and revised on 27 December 2008 and (ii) 外商投資產業指導目錄(2007修訂) (the Guidance of Foreign Investment (Amended 2007)); and after the verbal consultations with the relevant PRC governmental authorities at Zhuhai, the Directors understand that the PRC laws and regulations currently prohibit the issue of Waterway Transportation Licences to foreign equity controlled companies. These views have been confirmed by the PRC Legal Advisers.

In order to allow Hong Kong Qinfa Group to manage and operate the coal operation business in China, the Structure Contracts were entered into under which all the business activities of China Qinfa Group are managed and operated by Qinfa Logistics and all economic benefits and risks arising from the business of China Qinfa Group are transferred to Qinfa Logistics.

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

The following sets out a summary of the arrangements under the Structure Contracts:–

- Each member of China Qinf a Group has engaged Qinf a Logistics to manage and operate their business and Qinf a Logistics is entitled to all the revenue of all members of China Qinf a Group after deducting all relevant costs and expenses (including taxes). The Directors confirm that the arrangements under the Structure Contracts ensure all economic risks and benefits generated from the operations of China Qinf a Group will flow onto Qinf a Logistics and hence, the Group as a whole;
- Qinf a Logistics has the right to acquire any or all of the equity interests and/or assets of all members of China Qinf a Group at the lowest possible amount and at such time as permitted by the relevant PRC laws and regulations. The Controlling Shareholders have further undertaken to grant all consideration received under any such acquisition to Qinf a Logistics;
- China Qinf a Group and all its equity holders have granted to Qinf a Logistics a pledge over the equity interests in all members of China Qinf a Group for the purpose of securing the performance of the contractual obligations under the Structure Contracts; and
- to ensure that Qinf a Logistics retains control over China Qinf a Group, the equity interests of all members of China Qinf a Group may not be transferred or otherwise disposed of by any of the equity holders of any member of China Qinf a Group without the written consent of Qinf a Logistics. Furthermore, the obligations of the equity holders of all members of China Qinf a Group under the Structure Contracts are binding on all of their respective successors.

The Structure Contracts, taken as a whole, permit the financial results of China Qinf a Group and economic benefits of their business to flow onto Qinf a Logistics. In addition, all the directors in each member of China Qinf a Group are to be nominated by Qinf a Logistics. Through its control over the directors of China Qinf a Group, Qinf a Logistics is able to monitor, supervise and effectively control the business, operations and financial policies of each member of China Qinf a Group so as to ensure due implementation of the Structure Contracts. The Structure Contracts also enable Qinf a Logistics to exercise control over and to acquire the equity interests and/or assets of China Qinf a Group at such value and at such time as permitted by the relevant PRC laws and regulations with an undertaking from the Controlling Shareholders to provide to Qinf a Logistics all the monetary consideration received pursuant to any such acquisition. Based on the Structure Contracts, the Directors consider that, notwithstanding the lack of equity ownership between members of China Qinf a Group and Hong Kong Qinf a Group, Qinf a Logistics is entitled to control the business of China Qinf a Group in substance. On this basis, the financial position and operating results of all members of China Qinf a Group are included in the Group's combined financial statements.



## REORGANISATION AND THE STRUCTURE CONTRACTS

As the shareholders of members of the Group, being the Controlling Shareholders, are the same before and after the Reorganisation, the financial statements of the Group are prepared as a reorganisation of business under common control in a manner similar to pooling of interests. No acquisition of minority interest was recorded during the Track Record Period.

Set out below is the key financial information of China Qinfa Group and Hong Kong Qinfa Group during the Track Record Period:

### For the year ended 31 December 2006

	<b>China Qinfa Group</b>	<b>Hong Kong Qinfa Group</b>	<b>Intra-group elimination</b>	<b>Combined</b>
	<i>RMB('000)</i>	<i>RMB('000)</i>	<i>RMB('000)</i>	<i>RMB('000)</i>
Turnover	2,824,382	451,000	(424,893)	2,850,489
Gross profit	186,400	49,364	(146)	235,618
Profit before tax	20,685	46,143	(146)	66,682
Income tax expense	4,692	9,188	(48)	13,832
Net profit	15,993	36,955	(98)	52,850
Net current assets	159,627	17,336	(146)	176,817
Net assets	190,181	214,710	(98)	404,793

### For the year ended 31 December 2007

	<b>China Qinfa Group</b>	<b>Hong Kong Qinfa Group</b>	<b>Intra-group elimination</b>	<b>Combined</b>
	<i>RMB('000)</i>	<i>RMB('000)</i>	<i>RMB('000)</i>	<i>RMB('000)</i>
Turnover	3,528,316	529,738	(393,422)	3,664,632
Gross profit	460,936	114,119	(3,661)	571,394
Profit before tax	154,132	97,845	(3,661)	248,316
Income tax expense	33,281	8,687	(903)	41,065
Net profit	120,851	89,158	(2,758)	207,251
Net current assets/(liabilities)	267,272	(13,229)	(3,807)	250,236
Net assets	316,032	321,952	(2,856)	635,128

## REORGANISATION AND THE STRUCTURE CONTRACTS

For the year ended 31 December 2008

	China Qinfa Group RMB('000)	Hong Kong Qinfa Group RMB('000)	Intra-group elimination RMB('000)	Combined RMB('000)
Turnover	3,956,546	586,243	(350,305)	4,192,484
Gross profit	441,758	124,607	(6,449)	559,916
Profit before tax	215,973	185,775	(6,449)	395,299
Income tax expense	55,228	10,993	(1,612)	64,609
Net profit	160,745	174,782	(4,837)	330,690
Net current assets/(liabilities)	298,650	(237,118)	(10,256)	51,276
Net assets	356,435	386,212	(7,692)	734,955

In addition to the above, any amendment to the Structure Contracts shall be subject to the approvals of [(i) the directors nominated by Qinfa Logistics to each member of China Qinfa Group, and (ii) for the purpose of promoting good corporate governance, the Shareholders in general meeting. No amendments to the Structure Contracts can be made unless required under the Listing Rules or approved by Qinfa Logistics in writing in advance.]

The Directors believe that the Structure Contracts, as a whole, enable the Group to be operated coherently with the power to govern the business and the financial and operating policies of China Qinfa Group for the benefit of the Group as a whole. Accordingly, the financial position and operating results of these entities are included in the Group's financial information. Pursuant to the relevant accounting standards under IFRSs, transactions are accounted for and presented in accordance with the substance and economic reality and not merely their legal form.

In addition, as the shareholders and controlling members of the Group both before and after the Reorganisation are the same, the financial information of the Group has been prepared as a reorganisation of a business under common control in a manner similar to pooling of interests. The financial information presents the combined results and financial position of the Group as if the current corporate structure (together with the contractual arrangements under the Structure Contracts) had been in existence throughout the Track Record Period and as if the coal and shipping businesses were transferred to the Group at the beginning of the earliest period presented.

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

### Summary of the Structure Contracts

The following is a summary of the principal terms of the Structure Contracts:

#### *(1) Engagement Agreements*

On 12 June 2009, Qinf Logistics and each member of China Qinf Group and all its respective equity holders entered into the Engagement Agreements pursuant to which Qinf Logistics agreed to manage and operate the coal operation business of Zhuhai Qinf Trading, Qinhuangdao Trading, Datong Jinf and Yangyuan Guotong and the inland shipping transportation business of Zhuhai Qinf Shipping. Under the Engagement Agreements, Qinf Logistics is responsible for management and operation functions for the business of each member of China Qinf Group, including (i) transportation agency and storage; (ii) business and project management; (iii) market research and development; (iv) formation of market development plan; (v) business development and market consultation; (vi) customer networking; (vii) development and research of commercial management techniques; (viii) enterprise management and planning; (ix) technology consultation and transfer; (x) public relations; and (xi) employees arrangement and engagement, capital allocation, financial management, assets control of the engagement operation.

Under each of the Engagement Agreements, Qinf Logistics will pay an annual fee of RMB10,000 to each member of China Qinf Group for the exclusive engagement of Qinf Logistics to manage and operate their businesses. In consideration, Qinf Logistics shall assume all economic benefits and risks arising from the business of each member of China Qinf Group. The revenue of each member of China Qinf Group, after deducting all relevant costs and expenses (including taxes) shall be paid to Qinf Logistics after the accounts of the relevant member have been audited. The directors of all members of China Qinf Group will hold annual meetings to determine and implement the payment to Qinf Logistics.

All the directors in each member of China Qinf Group shall be nominated by Qinf Logistics. The directors of each member of China Qinf Group are responsible to oversee the business and operations of the respective company. Other than by reason of retirement, resignation, incapacity or death, a director of any member of China Qinf Group may only be removed with the consent of Qinf Logistics.

In addition, pursuant to the Engagement Agreements, all equity holders of each of China Qinf Group have irrevocably authorised Qinf Logistics or a nominee designated by Qinf Logistics to exercise all their voting rights at general meetings.

The term of each of the Engagement Agreements is [10] years commencing on [●] 2009 and ending on [●], and renewable at the request of Qinf Logistics provided only that Qinf Logistics does not issue any notice of termination 30 days before the termination date.

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

### *(2) Pledge Agreements*

On 12 June 2009, Qinfal Logistics and each member of China Qinfal Group and all its respective equity holders entered into the Pledge Agreements pursuant to which all such equity holders granted to Qinfal Logistics a continuing first priority security interest over their respective equity interests in the registered capital of each member of China Qinfal Group (the "**Pledged Securities**"). The Pledged Securities represent the entire equity interest in the registered capital of each member of China Qinfal Group, and the entering into the Pledge Agreements secures due performance of the contractual obligations by the relevant member of China Qinfal Group and its equity holders under the Structure Contracts. Under the Pledge Agreements, Qinfal Logistics is entitled to exercise its right to acquire the Pledged Securities at an agreed price or sell the Pledged Securities through an auction or private sale or dispose of the Pledged Securities in any other manner permitted by applicable laws and regulations, on the occurrence of any of the following:–

- any equity holder of China Qinfal Group is in breach of any of his or her obligations under the Pledge Agreement;
- the relevant member of China Qinfal Group or its equity holders is in breach of its obligation under the Structure Contracts;
- the representations or undertakings given by the relevant member of China Qinfal Group or its equity holders become untrue or misleading in any material aspect; and
- any term of the Structure Contracts becomes unenforceable as a result of a change in relevant laws and regulations of the PRC or for whatever reason.

In addition, each member of China Qinfal Group and all its equity holders granted to Qinfal Logistics or its nominee (a) a right to acquire any or all of the equity interests in each member of China Qinfal Group; and (b) a right to acquire any or all of the assets of each member of China Qinfal Group from the relevant equity holders, as and when permitted by PRC laws and regulations. The amount of consideration payable by Qinfal Logistics to the equity holders of each member of China Qinfal Group shall be the lowest possible amount permissible under the applicable PRC laws and regulations. The Company has undertaken with the Stock Exchange that it will acquire all of the equity interest of each member of China Qinfal Group from the relevant equity holders, as and when permitted by PRC laws and regulations. The Controlling Shareholders have further undertaken to grant all consideration received under any such acquisition to Qinfal Logistics.

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

Each member of China Qinfafa Group and its equity holders have also provided specific covenants which, among others, include:–

- not to sell or encumber any assets without the prior written consent of Qinfafa Logistics or as permitted under the Pledge Agreement;
- not to change its registered capital structure without Qinfafa Logistics' prior written consent;
- not to distribute profits to its equity holders;
- to conduct the business in accordance with the Engagement Agreement; and
- not to liquidate or dissolve the relevant member of China Qinfafa Group without the prior written consent of Qinfafa Logistics.

The Pledge Agreement is for a term commencing on [●] 2009 and ending on the date of termination of the Engagement Agreements.

### Legality

The PRC Legal Advisers, after taking all possible actions and steps to enable it to reach its legal conclusions, is of the opinion that:

- each member of China Qinfafa Group has been duly established and is validly existing under the relevant PRC laws and regulations;
- each of the Structure Contracts has been duly authorised, executed and delivered by the parties to the Structure Contracts and such contracts are legal, valid, admissible as evidence and binding under relevant PRC laws and regulations, enforceable against the parties to the Structure Contracts in accordance with the terms and conditions in the Structure Contracts;
- the execution, delivery and performance of the Structure Contracts do not violate or result in a breach of or default under any PRC laws, regulations, rules or government policies or the respective articles of association or material contracts to which any member of China Qinfafa Group is a party;
- none of the terms and conditions in any of the Structure Contracts (taken individually or together as a whole) nor the legal structure of China Qinfafa Group contravenes any applicable laws, regulations, rules or government policies of the PRC; and
- the Structure Contracts do not require any approvals from or filings with PRC governmental authorities, except for requisite filings with local taxation departments [which have been properly filed.]

---

## REORGANISATION AND THE STRUCTURE CONTRACTS

---

As confirmed by the PRC Legal Advisers, the Group has complied in good faith with all relevant PRC laws and regulations and the Group’s operation in China was legal and valid before and after implementation of the Structure Contracts.

To reach its legal conclusions, the PRC Legal Advisers have conducted due diligence on the Group’s interests in the PRC, studied relevant PRC legal issues and consulted with relevant PRC governmental authorities in Zhuhai, Qinhuangdao, Datong and Yangyuan.

Based on the discussions with the relevant PRC governmental authorities, details of which are set out in “Regulations relating to the industry – Coal trading – Domestic trading of coal” of this document, the PRC Legal Advisers have confirmed that there has been no objection from such PRC governmental authorities against the arrangements contemplated under the Structure Contracts. In addition, such PRC governmental authorities did not indicate that the implementation of the Structure Contracts would breach the relevant laws and regulations of the PRC. Based on discussions with the Directors and the PRC Legal Advisers as well as the fact that such governmental authorities are the relevant local governmental authorities responsible for examination and approval of Coal Operation Certificate in each of the jurisdictions in which the Group has operations, [●] has no reason to cast any reasonable doubt on its belief that such governmental authorities are competent and relevant for the purpose of verifying the legality of the Structure Contracts under the PRC laws.

The Directors consider that since the execution of the Structure Contracts, the Group has been able to maintain a stable operation because (i) the operations of Qinfa Logistics, Qinhuangdao Trading, Datong Jinfa, Yangyuan Guotong, Zhuhai Qinfa Trading and Zhuhai Qinfa Shipping, being parties under the Structure Contracts, had been valid and legal in coal operation and shipping transportation during the Track Record Period; (ii) upon the execution of the Structure Contracts, the management models, operation structures and profit models did not incur any practical changes; and (iii) the working positions, structures, rights and liabilities of the senior management, mid-level management and other key staff of each of the parties to the Structure Contracts did not incur any practical changes.

In addition, in accordance with the Listing Rules, the Group has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the Company and the Directors to comply with the Listing Rules and the applicable laws and regulations so that the Directors will be able to assess from time to time the operating and financial positions and prospects of the Group as a whole. On this basis and having considered that (i) the contents of each of the Structure Contracts are legal and in compliance with the relevant laws and regulations and the Structure Contracts are binding on each of the parties to the Structure Contracts; (ii) each of the relevant parties to the Structure Contracts is a limited company duly established and is validly existing under the relevant PRC laws and regulations and each of them possesses the legal capacity to execute the Structure Contracts with appropriate legal rights and authorities; (iii) the equity interests of all members of China Qinfa Group may not be transferred or otherwise disposed of by any of the equity holders of any member of China Qinfa Group without the written consent of Qinfa Logistics to ensure that Qinfa Logistics retains control over China Qinfa Group; (iv) the obligations of the equity holders of all members of China Qinfa Group under the Structure Contracts are binding on all of their

---

## **REORGANISATION AND THE STRUCTURE CONTRACTS**

---

respective successors; (v) all the directors in each member of China Qinfu Group shall be nominated by Qinfu Logistics and they are responsible to oversee the business and operations of the respective company. Other than by reason of retirement, resignation, incapacity or death, a director of any member of China Qinfu Group may only be removed with the consent of Qinfu Logistics; and (vi) all equity holders of each member of China Qinfu Group have irrevocably authorised Qinfu Logistics or a nominee designated by Qinfu Logistics to exercise all their voting rights at general meetings, the Directors confirm that the Group is able to maintain due implementation of the provisions set forth in the Structure Contracts and the sound and proper operation of the Structure Contracts.