

APPENDIX V

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT THE COMPANY

Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Companies Law on 4 March 2008. The registered office of the Company as at the date of this document is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance on 24 April 2008. Mr. MAK King Pui, Ricky of Flat B, 16/F, Kam Shan Mansion, Kao Shan Terrace, Tai Koo Shing, Hong Kong has been appointed as the authorised representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. The principal place of business of the Company in Hong Kong is situated at Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong.

A summary of the Articles and the memorandum of association of the Company is set forth in Appendix IV to this document.

Changes in share capital of the Company

The following changes in the share capital of the Company have taken place since the date of its incorporation up to the date of this document:–

- (a) As at the date of incorporation of the Company, 4 March 2008, the authorised share capital of the Company was HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each. On the date of incorporation, one Share was transferred to Mr. XU from the subscriber.
- (b) On 12 June 2009, the Company issued 999,999 Shares to Fortune Pearl, credited as fully paid, and Mr. XU transferred his one Share to Fortune Pearl.
- (c) On 12 June 2009, the authorised share capital of the Company was increased by HK\$1,999,620,000 with the creation of 19,996,200,000 new Shares.
- (d) On 13 June 2009, Fortune Pearl transferred an aggregate of 209,333 Shares to Equity Trust (HK) Limited acting as the trustee of the Trust Scheme holding all the Shares for the benefit of Ms. WANG Jianfei, Mr. XU Da, Mr. WENG Li, Mr. LIU Jingwei and Ms. ZHOU Lusha.

Written resolutions of the Shareholders

Written resolutions of the Shareholders dated 12 June 2009

[●]

Written resolutions of the Shareholders dated 12 June 2009

[●]

APPENDIX V

STATUTORY AND GENERAL INFORMATION

SUBSIDIARIES

Changes in the share capital of the subsidiaries of the Company

The Company's subsidiaries are referred to in the accountants' report, the text of which is set out in Appendix I to this document.

The following alterations in the share capital of the Company's subsidiaries have taken place within the two years immediately preceding the date of this document:

(a) *Qinfa Logistics*

On 5 February 2008, Qinfa Logistics was established in the PRC as a wholly foreign-owned limited liability company with a registered capital of HK\$20,000,000 with Qinfa Trading being its sole shareholder.

(b) *Qinfa International*

On 8 May 2007, Qinfa International was established in Hong Kong with an authorised share capital of HK\$10,000. As of the date of this document, Qinfa International is wholly-owned by Qinfa Investment.

(c) *Liberal*

On 3 May 2007, Liberal was established in Hong Kong with an authorised share capital of HK\$1,000. As of the date of this document, Liberal is wholly-owned by Qinfa Investment.

(d) *Perpetual*

On 10 August 2007, Perpetual was established in Hong Kong with an authorised share capital of HK\$1,000. As of the date of this document, Perpetual is wholly-owned by Qinfa Investment.

(e) *Qinfa Investment*

On 7 April 2008, Qinfa Investment was established in the BVI with an authorised share capital of US\$50,000. As of the date of this document, Qinfa Investment is wholly-owned by the Company.

(f) *Super Grace*

On 25 January 2008, Super Grace was established in the BVI with an authorised share capital of US\$50,000. As of the date of this document, Super Grace is wholly-owned by Qinfa Investment.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(g) Zhuhai Qinfa Shipping

On 6 September 2007, Zhuhai Qinfa Shipping was established in the PRC as a limited liability company with a registered capital of RMB5,000,000.

Save as set forth in the above paragraphs, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this document.

REORGANISATION

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the [●]. As a result, the Company became the holding company of the Group. A diagram showing the Group's structure after the Reorganisation as of the date of this document is set out under the section headed "Reorganisation and the Structure Contracts" of this document.

As part of the Reorganisation, the following steps took place:–

- (a) On 4 March 2008, the Company was established with Mr. XU as its sole shareholder.
- (b) On 30 March 2008, Qinhuangdao Trading and Qinfa Industry entered into a business transfer agreement, pursuant to which Qinfa Industry transferred its coal trading business to Qinhuangdao Trading.
- (c) On 7 April 2008, Qinfa Investment was incorporated in the BVI.
- (d) On 6 October 2008, Mr. XU transferred his one share in Qinfa Investment to Fortune Pearl. Pursuant to the First Share Exchange Agreement, Mr. XU and Ms. WANG Jianfei agreed to transfer their shares in various members of Hong Kong Qinfa Group to Qinfa Investment in exchange for Qinfa Investment's allotment and issuance of 4,800 shares to Fortune Pearl, credited as fully-paid.
- (e) On 12 June 2009, Mr. XU, Ms. WANG Jianfei, Mr. XU Da, Mr. LIU Jingwei and Ms. ZHOU Lusha entered into the Deed of Common Control confirming that they were acting collectively in controlling the business of the Group when they were the shareholders of members of the Group.
- (f) On 12 June 2009, pursuant to the Final Share Exchange Agreement, the Company issued 999,999 Shares to Fortune Pearl in consideration of Fortune Pearl transferring 4,801 shares of Qinfa Investment to the Company, and Mr. XU transferred one Share to Fortune Pearl. Following completion of this transaction, Qinfa Investment became a wholly-owned subsidiary of the Company.
- (g) On 12 June 2009, Qinfa Logistics and each member of China Qinfa Group and all its respective equity holders entered into the Structure Contracts.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (h) On 13 June 2009, Fortune Pearl established 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. Following completion of the [●] (without taking into consideration the Shares which may be issued pursuant to the exercise of the [●]), there will be 157,000,000 Shares held under the Trust Scheme which will represent [●]% of the Shares in issue.

REPURCHASE OF ITS OWN SECURITIES BY THE COMPANY

This section includes the information required by the Stock Exchange to be included in this document concerning the repurchase by the Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:–

(1) *Shareholders' approval*

The Listing Rules provide that all repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the resolutions in writing passed by the Shareholders on 12 June 2009, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorising them to exercise all powers of the Company to repurchase the Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal amount of the Shares in issue immediately following completion of the [●] (excluding any Shares which may fall to be issued pursuant to the exercise of the [●]), such mandate to remain in effect until whichever is the earliest of: (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Companies Law or the Articles or any applicable laws of the Cayman Islands; or (3) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(2) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

The 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 or the gearing levels of the Company which, in the opinion of the

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Directors, are from time to time appropriate for the Company. However, there might be a material adverse impact on the working capital requirements of the Company as set out in this document in the event that the Repurchase Mandate is exercised in full.

(3) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) shall be automatically cancelled and the related share certificates must be cancelled and destroyed.

(4) Connected parties

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a connected person and a connected person shall not knowingly sell his securities to the company.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

(c) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate on the basis of [●] Shares in issue immediately after completion of the [●] (assuming the [●] is not exercised) could accordingly result in up to [●] Shares being repurchased by the Company during the period prior to (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Law or the Articles to be held or any applicable laws of the Cayman Islands; or (3) the revocation or variation of the Repurchase Mandate by ordinary resolution of Shareholders in a general meeting, whichever is the earliest.

(d) General

None of the Directors or, to the best of their knowledge after having made all reasonable enquiries, any of their respective associates have any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of any such increase. The Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by the Company since its incorporation.

No connected person of the Company has notified the Company that he has a present intention to sell Shares to the Company, nor has he undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this document and are or may be material:—

- (1) a facility agreement dated 21 November 2007 in relation to a secured term loan facility of up to US\$42,088,000 and a secured term loan facility of up to US\$18,000,000 entered into between Qinfa Shipping, Qinfa Trading, Mr. XU and Bank of China (Hong Kong) Limited;
- (2) a Hong Kong ship mortgage dated 21 November 2007 and executed by Qinfa Shipping in favour of Bank of China (Hong Kong) Limited;
- (3) the second deed of covenants of m.v. "Qinfa 6" dated 21 November 2007 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;
- (4) the second general assignment of m.v. "Qinfa 6" dated 21 November 2007 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;
- (5) a Hong Kong ship mortgage dated [29 November 2007] and executed by Liberal in favour of Bank of China (Hong Kong) Limited;
- (6) a deed of covenants of m.v. "Qinfa 8" dated 29 November 2007 and entered into between Liberal and Bank of China (Hong Kong) Limited;
- (7) a general assignment of m.v. "Qinfa 8" dated 29 November 2007 and entered into between Liberal and Bank of China (Hong Kong) Limited;
- (8) a Hong Kong ship mortgage dated 10 December 2007 and executed by Perpetual in favour of Bank of China (Hong Kong) Limited;

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (9) a deed of covenants of m.v. "Qinfa 9" dated 10 December 2007 and entered into between Perpetual and Bank of China (Hong Kong) Limited;
- (10) a general assignment of m.v. "Qinfa 9" dated 10 December 2007 and entered into between Perpetual and Bank of China (Hong Kong) Limited;
- (11) an agreement named "業務轉讓協議" (in Chinese) dated 30 March 2008 and entered into between Qinhuangdao Trading and Qinfa Industry;
- (12) an agreement dated 13 May 2008 and entered into between Qinfa Shipping, Qinfa Trading, Mr. XU and Bank of China (Hong Kong) Limited;
- (13) the second supplemental agreement dated 6 June 2008 and entered into between Qinfa Shipping, Qinfa Trading, Mr. XU and Bank of China (Hong Kong) Limited;
- (14) a share sale agreement dated [●] entered into between Excel Coal Limited as Buyer (as defined therein) and various parties (including Qinfa Trading) as Sellers (as defined therein relating to the Millennium Mine);
- (15) a facility agreement dated 14 July 2008 in relation to a secured term loan facility of up to US\$15,000,000 and a secured term loan facility of up to US\$25,000,000 and entered into between Bank of Communications Co., Ltd., Hong Kong Branch and Super Grace;
- (16) a letter of undertaking dated 14 July 2008 issued by the Company to Bank of Communications Co., Ltd., Hong Kong Branch;
- (17) a subordination deed dated 14 July 2008 and entered into between Super Grace, Qinfa Shipping, Qinfa Trading and Bank of Communications Co., Ltd., Hong Kong Branch;
- (18) a debenture dated 14 July 2008 and entered into between Super Grace and Bank of Communications Co., Ltd., Hong Kong Branch;
- (19) a conversion contract assignment of m.v. "Qinfa 10" dated 14 July 2008 and entered into between Super Grace and Bank of Communications Co., Ltd., Hong Kong Branch;
- (20) a general assignment of m.v. "Qinfa 10" dated 23 July 2008 and entered into between Super Grace and Bank of Communications Co. Ltd., Hong Kong Branch;
- (21) a first preferred Panamanian ship mortgage of m.v. "Qinfa 10" dated 23 July 2008 and entered into between Super Grace and Bank of Communications Co. Ltd., Hong Kong Branch;
- (22) the Trademark Assignment Agreement (in Chinese);
- (23) the First Share Exchange Agreement;

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (24) a facility letter dated 14 April 2009 issued by Bank of China (Hong Kong) Limited to Qinfa International and Qinfa Trading;
- (25) a release dated 29 April 2009 executed by Bank of China (Hong Kong) Limited in favour of Liberal regarding general assignment dated 29 November 2007 relating to the vessel "Qinfa 8";
- (26) a release dated 29 April 2009 executed by Bank of China (Hong Kong) Limited in favour of Liberal regarding deed of covenants dated 29 November 2007 relating to the vessel "Qinfa 8";
- (27) the third supplemental agreement to a facility agreement dated 21 November 2007 as supplemented by a supplemental agreement dated 13 May 2008 and a second supplemental agreement dated 6 June 2008, dated 8 May 2009 and entered into between Qinfa Shipping, Qinfa Trading, Mr. XU, Qinfa International and Bank of China (Hong Kong) Limited;
- (28) the addendum to the deed of covenants dated 10 December 2007 m.v. "Qinfa 9", dated 8 May 2009 and entered into between Perpetual and Bank of China (Hong Kong) Limited;
- (29) the addendum to the general assignment dated 10 December 2007 m.v. "Qinfa 9", dated 8 May 2009 and entered into between Perpetual and Bank of China (Hong Kong) Limited;
- (30) a Hong Kong ship mortgage dated 8 May 2009 and executed by Perpetual in favour of Bank of China (Hong Kong) Limited;
- (31) the second deed of covenants of m.v. "Qinfa 9" dated 8 May 2009 and entered into between Perpetual and Bank of China (Hong Kong) Limited;
- (32) the second general assignment of m.v. "Qinfa 9" dated 8 May 2009 and entered into between Perpetual and Bank of China (Hong Kong) Limited;
- (33) the addendum to the second deed of covenants dated 21 November 2007 m.v. "Qinfa 6", dated 8 May 2009 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;
- (34) the addendum to the second general assignment dated 21 November 2007 m.v. "Qinfa 6", dated 8 May 2009 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;
- (35) a Hong Kong ship mortgage dated 8 May 2009 and executed by Qinfa Shipping in favour of Bank of China (Hong Kong) Limited;
- (36) the third deed of covenants of m.v. "Qinfa 6" dated 8 May 2009 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (37) the third general assignment of m.v. "Qinfa 6" dated 8 May 2009 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;
- (38) a debenture dated 8 May 2009 and entered into between Qinfa Shipping and Bank of China (Hong Kong) Limited;
- (39) a debenture dated 8 May 2009 and entered into between Qinfa Trading and Bank of China (Hong Kong) Limited;
- (40) a debenture dated 8 May 2009 and entered into between Qinfa International and Bank of China (Hong Kong) Limited;
- (41) a deed of charge over the shares in Qinfa Shipping dated 8 May 2009 and entered into between Qinfa Investment and Bank of China (Hong Kong) Limited;
- (42) a deed of charge over the shares in Perpetual dated 8 May 2009 and entered into between Qinfa Investment and Bank of China (Hong Kong) Limited;
- (43) a supplemental agreement to facility agreement dated 14 July 2008, dated 29 May 2009 and entered into between Bank of Communications Co., Ltd., Hong Kong Branch and Super Grace;
- (44) the addendum to the general assignment dated 23 July 2008 m.v. "Qinfa 10", dated 29 May 2009 and entered into between Super Grace and Bank of Communications Co. Ltd., Hong Kong Branch;
- (45) the addendum to the first Preferred Panamanian ship mortgage dated 23 July 2008 relating to the motor vessel "Qinfa 10", dated 29 May 2009 and entered into between Super Grace and Bank of Communications Co. Ltd., Hong Kong Branch;
- (46) a deed of charge over the shares in Super Grace dated 29 May 2009 and entered into between Qinfa Investment and Bank of Communications Co. Ltd., Hong Kong Branch;
- (47) a bareboat charter assignment m.v. "Qinfa 10" dated 29 May 2009 and entered into between Super Grace, Zhuhai Qinfa Trading and Bank of Communications Co. Ltd., Hong Kong Branch;
- (48) the Final Share Exchange Agreement;
- (49) a deed of non-competition dated 12 June 2009 and entered into between the Controlling Shareholders, Ms. LIU Xiaomei and the Company;
- (50) a deed of indemnity dated 12 June 2009 and entered into between the Controlling Shareholders and the Company;
- (51) the Structure Contracts including the Engagement Agreements and the Pledge Agreements; and

APPENDIX V






STATUTORY AND GENERAL INFORMATION

(52) [●].

Intellectual property

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks:–

Trademark	Registrant	Place of registration	Class	Expiry date	Registration number
	[Qinfa Logistics] (Note)	PRC	35	[27 August 2015]	[3708000]
	[Qinfa Logistics] (Note)	PRC	39	[27 October 2015]	[3708001]
	[Qinfa Logistics] (Note)	PRC	43	[27 January 2016]	[3708002]
	the Company	Hong Kong	4, 7, 35, 39, 40	8 April 2018	301088974
	the Company	Hong Kong	4, 7, 35, 39, 40	8 April 2018	301088983

Note: The trademarks are being transferred to Qinfa Logistics. The Directors expect that the transfers will be completed by October 2009.

(b) Domain name

As at the Latest Practicable Date, the Group had registered the following domain name:–

Domain name	Name of Proprietor	Registration date	Expiry date
www.qinfagroup.com	the Company	12 December 2001	12 December 2013

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Further information about members of the Group

The following sets forth further information on each member of the Hong Kong Qinfa Group in the PRC:

Qinfa Logistics

Type of company	Wholly foreign-owned limited liability company
Company registration number	440400400013501
Address of registered office	Room 551, Gaolan Custom Administrative Building Zhuhai, PRC
Date and place of incorporation	5 February 2008, Zhuhai
Total investment	HK\$28,000,000
Registered capital	HK\$20,000,000 (fully paid-up according to the approved schedule)
Business scope	Information consultation services on domestic shipping agency; warehouse services; consultation and management services on energy projects; consultation services on energy application skills; enterprise management and plan services. (All in plan, not under operation)
Equity holder(s)	Qinfa Trading
Director(s)	Mr. XU, Ms. WANG Jianfei
Term	5 February 2008 to 5 February 2028

APPENDIX V STATUTORY AND GENERAL INFORMATION

The following sets forth further information on each member of the Hong Kong Qinfa Group in Hong Kong:

Qinfa Shipping

Type of company	Limited liability company
Company number	858182
Address of registered office	Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong
Date and place of incorporation	20 August 2003, Hong Kong
Authorised share capital	HK\$10,000 divided into 10,000 shares of HK\$1.0 each
Issued share capital	HK\$10,000 divided into 10,000 shares of HK\$1.0 each
Shareholder(s)	Qinfa Investment
Director(s)	Mr. XU and Ms. WANG Jianfei
Term	Perpetual

Qinfa Trading

Type of company	Limited liability company
Company number	821988
Address of registered office	Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong
Date and place of incorporation	15 November 2002, Hong Kong
Authorised share capital	HK\$30,000,000 divided into 30,000,000 shares of HK\$1.0 each
Issued share capital	HK\$30,000,000 divided into 30,000,000 shares of HK\$1.0 each
Shareholder(s)	Qinfa Investment
Director(s)	Mr. XU and Ms. WANG Jianfei
Term	Perpetual

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Qinfa International

Type of company	Limited liability company
Company number	1130783
Address of registered office	Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong
Date and place of incorporation	8 May 2007, Hong Kong
Authorised share capital	HK\$10,000 divided into 10,000 shares of HK\$1.0 each
Issued share capital	HK\$10,000 divided into 10,000 shares of HK\$1.0 each
Shareholder(s)	Qinfa Investment
Director(s)	Mr. XU and Ms. WANG Jianfei
Term	Perpetual

Liberal

Type of company	Limited liability company
Company number	1129250
Address of registered office	Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong
Date and place of incorporation	3 May 2007, Hong Kong
Authorised share capital	HK\$1,000 divided into 1,000 shares of HK\$1.0 each
Issued share capital	HK\$1,000 divided into 1,000 shares of HK\$1.0 each
Shareholder(s)	Qinfa Investment
Director(s)	Mr. XU and Ms. WANG Jianfei
Term	Perpetual

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

Perpetual

Type of company	Limited liability company
Company number	1157510
Address of registered office	Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong
Date and place of incorporation	10 August 2007, Hong Kong
Authorised share capital	HK\$1,000 divided into 1,000 shares of HK\$1.0 each
Issued share capital	HK\$1,000 divided into 1,000 shares of HK\$1.0 each
Shareholder(s)	Qinfa Investment
Director(s)	Mr. XU and Ms. WANG Jianfei
Term	Perpetual

The following sets forth further information on each member of the Hong Kong Qinfa Group in the BVI:

Qinfa Investment

Type of company	Limited liability company
Company number	1474179
Address of registered office	P.O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands
Date and place of incorporation	7 April 2008, BVI
Authorised share capital	Authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.0
Issued share capital	4,801 divided into 4,801 shares of US\$1.0 each
Shareholder(s)	the Company
Director(s)	Mr. XU
Term	Perpetual

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Super Grace

Type of company	Limited liability company
Company number	1460848
Address of registered office	P.O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands
Date and place of incorporation	25 January 2008, BVI
Principal place of business in Hong Kong	Room 1303, 13th Floor, MassMutual Tower, No. 38 Gloucester Road, Wanchai, Hong Kong
Authorised share capital	Authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.0
Issued share capital	US\$50,000 divided into 50,000 shares of US\$1.0 each
Shareholder(s)	Qinfa Investment
Director(s)	Mr. XU and Ms. WANG Jianfei
Term	Perpetual

Further information about members of China Qinfa Group

The following sets forth further information on each member of the China Qinfa Group in the PRC:

Datong Jinfa

Type of company	Limited liability company
Business license number of enterprise legal person	14022710003959
Address of registered office	Xiejiazhuang, Beijiacao Town Datong County Shanxi Province PRC
Date and place of incorporation	18 April 2003, Datong
Registered capital	RMB8,000,000 (fully paid-up according to the approved schedule)

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Business scope	Coal distribution and transportation, sales, cleaned coal, metal materials (except those subject to national special approval), chemical raw materials (except those subject to national special approval), mechanical and electrical products, decoration materials, consulting service
Shareholders	Qinfa Industry and Mr. XU Da (holding on behalf of Mr. XU)
Legal representative	Mr. XU
Term	18 April 2003 to 31 December 2009
Qinhuangdao Trading	
Type of company	Limited liability company
Business license number of enterprise legal person	1303012000170
Address of registered office	Yellow River Road Economic & Technological Development Zone (Phase 3) Qinhuangdao Hebei Province PRC
Date and place of incorporation	13 February 1995, Qinhuangdao
Registered capital	RMB68,000,000 (fully paid-up according to the approved schedule)
Business scope	Coal, coke, metal materials (excluding precious metals), chemical raw materials (except those subject to special approval), construction materials, wholesale of timber, retail, indenture, agent sale, self-supplied railway transportation, apparel processing, self operation and agency for import and export business of all types of products and technology (except those restricted and prohibited by the nation)
Shareholders	Qinfa Industry and Mr. XU Da (holding on behalf of Mr. XU)
Legal representative	Mr. XU

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Term	13 February 1995 to 12 February 2025
Yangyuan Guotong	
Type of company	Limited liability company
Business license number of enterprise legal person	130727000001058
Address of registered office	North of Dongguan Village Xicheng Town Yangyuan County Heibei Province PRC
Date and place of incorporation	20 December 2003, Yangyuan
Registered capital	RMB 10,000,000 (fully paid-up according to the approved schedule)
Business scope	Coal transportation and sales
Shareholders	Mr. LIU Jingwei and Ms. ZHOU Lusha (both holding on behalf of Mr. XU)
Legal representative	Mr. LIU Jingwei
Term	3 December 2007 to 2 December 2032
Zhuhai Qinfa Shipping	
Type of company	Limited liability company
Business license number of enterprise legal person	440400000016500
Address of registered office	Room 103 Office Building (Ancillary Block) Rongshu Bay Gaolan Port Zhuhai Guangdong Province PRC
Date and place of incorporation	6 September 2007, Zhuhai
Registered capital	RMB5,000,000 (fully paid-up according to the approved schedule)

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Business scope	Ordinary cargo shipping transportation along the coast and the middle-down stream of Yangtze River (valid until 31 October 2012)
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Shareholders	Mr. XU and Mr. XU Da
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Legal representative	Mr. XU
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Term	6 September 2007 to 6 September 2037
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Zhuhai Qinfa Trading

Type of company	Limited liability company
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Business license number of enterprise legal person	440400000157291
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Address of registered office	Room 102 Office Building (Ancillary Block) Rongshu Bay Gaolan Port Zhuhai Guangdong Province PRC
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Date and place of incorporation	21 September 2005, Zhuhai
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Registered capital	RMB5,000,000 (fully paid-up according to the approved schedule)
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Business scope	Domestic trading (except those which require other administrative license or is prohibited by the laws and regulations), coal wholesale and retail (valid until 27 June 2010)*
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Shareholders	Mr. XU and Mr. LIU Jingwei (holding on behalf of Mr. XU)
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Legal representative	Mr. XU
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Term	21 September 2005 to 21 September 2035
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* The previous business licence of Zhuhai Qinfa Trading stated that it was valid for Zhuhai Qinfa Trading to conduct coal wholesale and retail business until 28 March 2009. The current business licence was obtained on 21 April 2009. The PRC Legal Advisers confirm that the business scope set forth in the business licence of Zhuhai Qinfa Trading is reiterating the approval set forth in the Coal Operation Certificate issued to Zhuhai Qinfa Trading on 28 June 2007. As the Coal Operation Certificate is for a period of three years, the PRC Legal Advisers consider that Zhuhai Qinfa Trading was permitted to conduct coal trading business during the renewal period of business licence between 28 March 2009 and 20 April 2009.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Disclosure of interests

Directors

Immediately following completion of the [●] without taking into consideration the Shares which may be taken up under the [●] and that may be issued pursuant to the exercise of the [●], the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:–

(a) Long positions in Shares

Name of Director	Capacity	Number of Shares	Percentage of issued Shares (%)
Mr. XU ⁽¹⁾	Corporate interest	593,000,000	[●]
Ms. WANG Jianfei ⁽²⁾	Beneficial owner	50,000,000	[●]
Ms. LIU Xiaomei ⁽³⁾	Beneficial owner	600,000	[●]
Mr. WENG Li ⁽²⁾	Beneficial owner	3,000,000	[●]

Notes:–

- (1) Mr. XU is the beneficial owner of all the issued shares of Fortune Pearl which holds 593,000,000 Shares.
- (2) The beneficial interest is held under the Trust Scheme.
- (3) The beneficial interest is in the form of options granted to Ms. LIU Xiaomei under the [●].

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity	Number of shares	Percentage of issued shares (%)
Mr. XU	Fortune Pearl	Beneficial owner	1	100

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Substantial shareholders

So far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company), will, following completion of the [●] without taking into consideration the Shares which may be taken up under the [●] and that may be issued pursuant to the exercise of the [●], have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:—

Name	Capacity	Number of Shares	Approximate percentage of issued Shares (%)
Fortune Pearl Equity Trust (HK) Limited ⁽¹⁾	Beneficial interest	593,000,000	[●]
Mr. XU Da ⁽²⁾	Trustee	157,000,000	[●]
	Beneficial interest	100,000,000	[●]

Notes:—

- Equity Trust (HK) Limited is the trustee of the Trust Scheme holding on trust 157,000,000 Shares for the benefit of the participants of the Trust Scheme, namely Ms. WANG Jianfei, Mr. XU Da, Mr. WENG Li, Mr. LIU Jingwei and Ms. ZHOU Lusha.
- Mr. XU Da is a participant of the Trust Scheme entitled to 100,000,000 Shares.

Save as disclosed above, the Directors are not aware of any person who will, immediately following completion of the [●], have an interest or short position in 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, be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Particulars of the Directors' service contracts and appointment letters with the independent non-executive Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing on the [●]. The service contract shall continue thereafter and may only be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing.

The annual salary of the executive Directors under their service contracts with the Company are as follows:—

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Name of the executive Director	Annual salary (HK\$)
Mr. XU	[●]
Ms. WANG Jianfei	[●]
Ms. LIU Xiaomei	[●]
Mr. WENG Li	[●]

The annual salary of each executive Director shall be determined by the Board. [Each of the executive Directors will also be entitled to a discretionary bonus provided that the aggregate amount of bonus to be paid to all executive Directors in each year ending 31 December shall not exceed [1]% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).]

Dr. CHEN Wenjing, Mr. HUANG Guosheng and Mr. LAU Sik Yuen have been appointed from 12 June 2009 as independent non-executive Directors. Each of their annual remuneration is set forth below:–

Name of the independent non-executive Director	Annual remuneration (HK\$)
Dr. CHEN Wenjing	[240,000]
Mr. HUANG Guosheng	[240,000]
Mr. LAU Sik Yuen	[240,000]

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any other member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Directors' remuneration

Under the arrangements presently in force, the Directors will be entitled to receive remuneration which, for the year ending 31 December 2009, is expected to be approximately HK\$[●], excluding the discretionary bonuses payable to the executive Directors.

Save as disclosed in this document, no Director in the promotion of the Company has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the promotion or formation of the Company.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Disclaimers

- (a) Save as disclosed in this document, none of the Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group.
- (b) None of the experts named in the paragraph under “Consents of experts” in the section headed “Other information” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) Save as disclosed in this appendix under the section “Further Information about the business of the Group”, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole.

Trust Scheme

Pursuant to the Trust Scheme, Fortune Pearl initially contributed 209,333 Shares to a trust created under the laws of Hong Kong with Equity Trust (HK) Limited as trustee of the Trust Scheme. Five participants have participated in the Trust Scheme and they are the beneficiaries of the Trust Scheme. The Shares are held by Equity Trust (HK) Limited as trustee on behalf of the participants until all those Shares are vested to the participants in accordance with the terms and conditions of the trust deed of the Trust Scheme and the applicable laws and regulations. There will not be any person issuing letter of wishes subsequent to the establishment of the Trust Scheme.

As trustee of the Trust Scheme, Equity Trust (HK) Limited shall hold and manage the trust property as if it were the owner without regarding any instructions from the participants but subject to the trustee’s duties imposed by law and the duties, powers and obligations set forth in the relevant trust deed. The participants will not be entitled to affect or influence the decision of the trustee.

The Trust Scheme has been established to hold equity interest in the Company and to provide incentive to the participants to continue to contribute to the success of the Group. The purpose of the Trust Scheme is to streamline our shareholding structure instead of having the participants to hold relatively small number of issued Shares on the [●]. The 209,333 Shares contributed by Fortune Pearl to the Trust Scheme were transferred to Equity Trust (HK) Limited for nominal consideration.

Two of the participants of the Trust Scheme are executive Directors, namely Ms. WANG Jianfei and Mr. WENG Li. Particulars of Ms. WANG Jianfei and Mr. WENG Li’s interests under the Trust Scheme are stated under “ – Further information about Directors and Substantial Shareholders” in this Appendix.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Following completion of the [●], an aggregate of 157,000,000 Shares will be held by Equity Trust (HK) Limited under the Trust Scheme, representing approximately [●]% of the issued Shares (without taking into account any Shares which may be issued pursuant to the exercise of the [●]).

The following table sets forth the number of Shares beneficially owned by each participant under the Trust Scheme:–

Name of the participants	Number of Shares under the Trust Scheme
Ms. WANG Jianfei ⁽¹⁾	50,000,000
Mr. XU Da ⁽²⁾	100,000,000
Mr. WENG Li ⁽¹⁾	3,000,000
Mr. LIU Jingwei ⁽³⁾	2,000,000
Ms. ZHOU Lusha ⁽³⁾	2,000,000
Total	157,000,000

Notes:–

- (1) Ms. WANG Jianfei and Mr. WENG Li are executive Directors and Controlling Shareholders.
- (2) Mr. XU Da is the son of Mr. XU and a Controlling Shareholder.
- (3) In addition to his beneficial interest in the Shares under the Trust Scheme, Mr. LIU Jingwei is holding 10% equity interest in Zhuhai Qinfu Trading, 96% equity interest in Yangyuan Guotong and 0.41% equity interest in Qinfu Industry, all of these are on trust for Mr. XU. In addition to her beneficial interest in the Shares under the Trust Scheme, Ms. ZHOU Lusha is holding 4% equity interest in Yangyuan Guotong for Mr. XU. Mr. LIU Jingwei is the legal representative of Yangyuan Guotong. Because of their previous involvement in the management of the Group and their previous equity interest in certain members of the Group, Mr. LIU Jingwei and Ms. ZHOU Lusha are considered to be the Controlling Shareholders.

The Shares held under the Trust Scheme will be vested in three tranches. The first tranche, which represents 30% of the total number of Shares held thereunder, will be vested to the participants immediately after the first anniversary of the [●]. The second tranche, which represents 30% of the total number of Shares held thereunder, will be vested to the participants immediately after the second anniversary of the [●]. The third tranche, which represents 40% of the total number of Shares held thereunder, will be vested to the participants immediately after the third anniversary of the [●]. Following the vesting, all the relevant Shares will be freely transferable and will be identical in all aspects to the Shares in issue.

All dividend declared and paid by the Company before vesting shall be held by the trustee of the Trust Scheme and shall be transferred to the relevant participants upon vesting after deduction of the fees due to be payable to the trustee for its services rendered under the Trust Scheme.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

There are covenants given by the participating employees to Fortune Pearl under the Trust Scheme. In the event that a participating employee ceases to be an employee of the Group, the unvested Shares shall not vest on the relevant participating employee and the Trustee shall transfer the unvested Shares to Fortune Pearl. All vested Shares will not be required to be transferred to Fortune Pearl even though the relevant participating employee ceases to be an employee of the Group.

Following the transfer of the Shares by Fortune Pearl to the trustee of the Trust Scheme, Fortune Pearl ceases to have any interest in those Shares, except that all the unvested Shares will be transferred back to Fortune Pearl in the event that any participants of the Trust Scheme ceases to be entitled to these Shares. This arrangement will not result in Fortune Pearl being deemed to have interests in those Shares as those Shares are held by the trustee of the Trust Scheme for the benefit of the participating employees. All the Shares held by the trustee of the Trust Scheme will not be considered to be shares held by members of the public for the purpose of the Listing Rules. The Trust Scheme was duly implemented on 13 June 2009, which is before the date of formal application for the [●]. [Hence, the transfer of the Shares by Fortune Pearl to the trustee of the Trust Scheme is in compliance with Rule 9.09 of the Listing Rules.]

SHARE OPTION SCHEMES

[●]

Share Option Scheme

Summary of terms

The following is a summary of the terms of the Share Option Scheme conditionally adopted pursuant to written resolutions of the Shareholders passed on 12 June 2009:–

(a) *Who may join and purpose*

The Board may at its discretion offer options to:–

- (i) any executive, non-executive or independent non-executive Director of the Group;
- (ii) any employee or officer (whether full time or part time) (the “**Employee**”) of the Group; and
- (iii) any customer, supplier, agent, business or joint venture partner, consultant, distributor, promoter, service provider, adviser or contractor to any member of the Group.

The above persons are collectively referred to as “Eligible Participants” and each an “Eligible Participant”. In order for a person to satisfy the Board that he or she is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the

APPENDIX V

STATUTORY AND GENERAL INFORMATION

purpose of assessing his or her eligibility (or continuing eligibility). Subject to the provisions of the Share Option Scheme, the Board shall have an absolute discretion as to granting options to any particular Eligible Participant.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants have made or may make to the business development of the Group. Apart from the discretion to determine the exercise price, the Directors will have an absolute discretion to impose performance targets on the option holders before any option that can be exercised with reference to the objectives of the Share Option Scheme. A consideration of HK\$1.0 will be payable upon acceptance of the offer.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(b) Subscription price of the Shares

The subscription price in respect of each Share under the Share Option Scheme shall, subject to any adjustments made as described in paragraph (l) below, be a price determined by the Board and notified to the Eligible Participant and shall be no less than the highest of:–

- (i) the nominal value of a Share;
- (ii) [●]
- (iii) [●]

(c) Grant of options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with the Listing Rules In particular, during the period commencing one month immediately preceding the earlier of: (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

(d) Maximum number of Shares available for subscription

- (i) Subject to paragraphs (d)(ii), (iii) and (iv) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company (excluding those options that have already been granted by the Company prior to the date of approval of the Share Option Scheme) (the "**Scheme Mandate Limit**") shall not, in aggregate, exceed 10% of the Shares in issue upon completion of the [●] (being currently expected to be [●] Shares) unless approved by the Shareholders pursuant to paragraphs (d)(ii) and (iii).
- (ii) Subject to paragraphs (d)(iii) and (iv), the Scheme Mandate Limit may be refreshed by the Shareholders in general meeting from time to time, provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such refreshment by the Shareholders in general meeting. Upon such refreshment, all options granted under the Share Option Scheme and any other share options schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) prior to the approval of such refreshment

APPENDIX V

STATUTORY AND GENERAL INFORMATION

shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. In such a case, the Company shall send a circular to the Shareholders containing such information from time to time as required under the Listing Rules.

- (iii) Subject to paragraph (d)(iv), the Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit (whether or not refreshed), provided that the options in excess of the Scheme Mandate Limit (whether or not refreshed), are granted only to the Eligible Participants specified by the Company before such approval is sought and the Company shall send a circular to the Shareholders containing such information from time to time required under the Listing Rules in relation to any such proposed grant to such Eligible Participants.
- (iv) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. Options may not be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the said 30% limit being exceeded.

(e) Maximum entitlement of each Eligible Participant

Unless approved by the Shareholders, no option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Participant (including exercised, cancelled and outstanding share option) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of Shares in issue as at the date of such new grant.

(f) Grant of options to Substantial Shareholders, Directors and chief executive of the Company or connected persons

Any grant of options under the Share Option Scheme to any Director and chief executive of the Company or a Substantial Shareholder or any of their respective associate must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). Where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes of the Company in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue as at the date of such grant; and

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant of option, in excess of HK\$5.0 million,

such further grant of options must be approved by Shareholders. For the purpose of seeking approval of Shareholders under paragraphs (d), (e) and (f), the Company shall send a circular to the Shareholders containing the information required under the Listing Rules and the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll during which those persons required under the Listing Rules to abstain from voting, will not vote.

(g) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by the Board to the grantee save that such period shall not be more than 10 years from the business day on which the option is deemed to have been granted in accordance with the terms of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised.

(h) Performance target

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

(i) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, failing which the option (to the extent it has not already been exercised) shall lapse.

(j) Rights on death

In the event of the grantee who is an Employee ceasing to be a participant of the Share Option Scheme by reason of his death before exercising his option in full and none of the events which would be a ground for termination of his employment as specified in the Share Option Scheme having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within 12 months following his death.

(k) Rights on ceasing employment

- (i) In the event of the grantee who is an Employee ceasing to be a participant of Share Option Scheme by reason of the termination of his employment or directorship on one or more of the grounds specified in the Share Option Scheme, his option (to the extent not already exercised) shall lapse

APPENDIX V

STATUTORY AND GENERAL INFORMATION

automatically and immediately and shall not be exercisable on or after the date of termination of his employment and to the extent the grantee has exercised the option in whole or in part pursuant to the Share Option Scheme, but Shares have not been allotted to him, the grantee shall be deemed not to have so exercised such option and the Company shall return to the grantee the amount of the subscription price for the Shares received by the Company in respect of the purported exercise of such option.

- (ii) In the event of the grantee who is an Employee ceasing to be a participant of the Share Option Scheme for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in the Share Option Scheme, the option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment (which date shall be the grantee's last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.
- (iii) In the event of the grantee who is not an Employee ceasing to be a participant of the Share Option Scheme as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(1) Reorganisation of capital structure

In the event of any alteration in the capital structure of the Company which arises from a capitalisation issue, bonus issue, rights issue, open offer, sub-division or consolidation of the Shares or reduction of capital of the Company (excluding any alteration in the capital structure of the Company as a result of an issue of securities as consideration in respect of a transaction to which the Company is a party) at any time after the [●], such corresponding alterations (if any) certified in writing by an independent financial adviser appointed by the Company or the auditors for the time being of the Company as fair and reasonable will be made to the subscription price at which the offeror gives notice to acquire the remaining Shares and/or the number or nominal amount of Shares subject to the option so far as unexercised, provided that (i) any such alterations shall give a grantee as nearly as possible the same proportion of the issued share capital of the Company as that to the option he was previously entitled; (ii) no such alteration shall be made to the effect that Share would be issued at less than its nominal value; and (iii) any such alterations shall be in compliance with the requirements set forth in rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange from time to time, including those set forth in the letter from the Stock Exchange dated 5 September 2005.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(m) Rights on a general offer

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code) prior to the expiry date of the relevant option, the grantee shall be entitled to exercise the option in full (to the extent not exercised) at any time within such period as shall be notified by the Company.

(n) Rights on winding-up

If notice is duly given by the Company to Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter exercise the relevant option to its full extent or to the extent specified in such notice or in part and the Company shall, as soon as possible and in any event no later than three business days immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and not be exercisable.

(o) Rights on a compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all grantees on the same date as it despatches notice of the meeting to its shareholders or creditors to consider such a compromise or arrangement and thereupon any grantees may at any time thereafter exercise the relevant option in full or to the extent notified by the Company and the Company shall, as soon as possible and in any event no later than three business days, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as exercised under this paragraph.

(p) Ranking of Shares

The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Articles in force as at the date of allotment and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on such date of allotment and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after such date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made

APPENDIX V

STATUTORY AND GENERAL INFORMATION

if the record date thereof shall be before the date of allotment. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of the Company as the holder thereof.

(q) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

(r) Alteration

The Directors may from time to time amend the rules of the Share Option Scheme by resolution of the Board save and except the following which shall be approved by the Shareholders in general meeting:

- (i) the provisions of the Share Option Scheme relating to the matters set out in rule 17.03 of the Listing Rules cannot be altered to the advantage of the Eligible Participant;
- (ii) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, except where such alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of the Board as scheme administrator in relation to any alteration to the terms of the Share Option Scheme,

provided always that the amended terms of the Share Option Scheme must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.

(s) Lapse of option

An option (to the extent such option has not already been exercised) will lapse and not be exercisable on the earliest of:-

- (i) the expiry of the exercise period of the options;
- (ii) the expiry of any of the periods referred to in paragraphs (j) and (k) above;
- (iii) subject to any competent court in any jurisdiction not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (m) above;
- (iv) the date of the commencement of the winding-up of the Company;
- (v) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (o) above;

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (vi) the date on which the grantee who is an Employee of any member of the Group ceases to be an Employee of any member of the Group by reason of the termination of his employment on the grounds set out in paragraph (k)(i) above;
- (vii) the date on which a situation as contemplated in paragraph (i) arises;
- (viii) the date on which the grantee commits a breach of any terms or conditions attached to the grant of the option, unless otherwise resolved to the contrary by the Board; or
- (ix) the date on which the Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to the Share Option Scheme.

(t) Cancellation of options

The Board shall have the absolute discretion to cancel any options granted at any time at the request of the grantee provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available Shares in the authorised but unissued share capital of the Company, and available and ungranted options within the limits referred to in paragraph (d) above (and for the purpose of calculating such limits, all cancelled options shall be treated as granted options).

(u) Termination of the Share Option Scheme

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

Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (a) the passing of the resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any options under the Share Option Scheme;
- (b) [●]
- (c) [●]

APPENDIX V

STATUTORY AND GENERAL INFORMATION

If any of the above conditions is not satisfied on or before [●] July 2009, being the date falling 30 days after the date of this document, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

Disclosure in annual and interim reports

The Company shall disclose details of the Share Option Scheme in its annual and interim reports in accordance with the Listing Rules in force from time to time.

Administration of the Share Option Scheme

The Share Option Scheme shall be administered by the Board whose decision shall be final and binding on all parties.

Present status of the Share Option Scheme

As at the date of this Document, no option has been granted or agreed to be granted under the Share Option Scheme.

[●]

OTHER INFORMATION

Deed of Indemnity

Estate duty, taxation and other indemnity

Each of the Controlling Shareholders has, pursuant to a deed of indemnity referred to in the paragraph headed “Further information about the business of the Group – Summary of material contracts” in this Appendix, given joint and several indemnities in respect of among other things (a) any liability for Hong Kong estate duty which might be incurred by any member of the Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended)) to any member of the Group on or before the date on which the [●] becomes unconditional, (b) any tax liabilities which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the [●], and (c) any tax liabilities which might be payable by any member of the Group in respect of the transfer of business in Qinfa Industry to Qinhuangdao Trading, details of which are set out in “Reorganisation and the Structure Contracts – Transfer of coal trading business in Qinfa Industry to Qinhuangdao Trading” of this document under the relevant PRC or Cayman Islands or Hong Kong laws, rules and regulations or any other applicable laws, rules and regulations, together with such other relevant payments, suits, settlement payment, cost, liability, damages or expense under the relevant PRC or Cayman Islands or Hong Kong laws, rules and regulations or any other applicable laws, rules and regulations, on or before the [●] or as a result of or in relation to all litigations, arbitration, claims (including counter-claims), complaints, demands and/or

APPENDIX V

STATUTORY AND GENERAL INFORMATION

legal proceedings by or against the Group which was issued, accrued and/or arising from any act of the Group at any time on or before the [●], save as to such circumstances including:-

- (a) to the extent that full provision or allowance has been made for such taxation in the audited accounts of the Group for the Track Record Period;
- (b) to the extent that such taxation arises or is incurred as a result of any retrospective change in law or the interpretation thereof or retrospective increase in tax rates coming into force after the [●];
- (c) to the extent that such taxation or liability would not have arisen but for any act or omission voluntarily effected by, any of the members of the Group without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed), otherwise than in the ordinary course of business after the date of the deed of indemnity; or
- (d) to the extent of any provisions or reserve made for taxation in the audited accounts of the Group for the Track Record Period which is finally established to be an over-provision or an excessive reserve.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of the Group in the Cayman Islands, the PRC, Hong Kong and other jurisdictions in which the companies comprising the Group are incorporated.

Pursuant to the deed of indemnity, each of the Controlling Shareholders has given a joint and several indemnity in favour of the Group in relation to any loss, payments, suits, settlement payment, cost, liability, damages or expenses arising from or in connection with the non-registrations of the tenancy agreements in relation to (i) Units 10 and 11, Level 22, Yuecai Building, No. 188 Jidajingshan Road, Zhuhai City, Guangdong Province, the PRC (particulars of which are set forth in property numbered 4 in the valuation report under Appendix III to this document) and (ii) Rooms 1107-1108, Shanghai Pudong Holiday Inn, No. 899 Dongfang Road, Pudong District, Shanghai, the PRC (particulars of which are set forth in property numbered 5 in the valuation report under Appendix III to this document) under the relevant PRC or Cayman Islands or Hong Kong laws, rules and regulations or any other applicable laws, rules and regulations, together with such other relevant payments, suits, settlement payment, cost, liability, damages or expense under the relevant PRC or Cayman Islands or Hong Kong laws, rules and regulations or any other applicable laws, rules and regulations, on or before the [●] or as a result of or in relation to all litigations, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings by or against the Group which was issued, accrued and/or arising from any act of the Group at any time on or before the [●].

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Litigation

[As of the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the Group's results of operations or financial condition.]

[●]

Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK\$[●] and are payable by the Company.

Promoter

There are no promoters of the Company and no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to any promoters within two years preceding the date of this document.

Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in, or referred to in, this document:—

Name	Qualification
[●]	[●]
KPMG	Certified public accountants
Vigers Appraisal & Consulting Limited	Property valuers
Conyers Dill & Pearman	Cayman Islands attorney-at-law
Commerce & Finance Law Offices	Qualified PRC legal adviser
Mayer Brown JSM	Hong Kong legal adviser to the Company as to shipping law

Consents of experts

[●]

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Binding effect

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

Bilingual document

The English language and the Chinese language versions of this document 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).

Miscellaneous

(1) Save as disclosed in this document:–

- (i) within the two years immediately preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) no outstanding convertible debt securities or debentures issued by the Company or any of its subsidiaries;
- (iv) no founders, management or deferred shares of the Company or, any of its subsidiaries have been issued or agreed to be issued;
- (v) 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 capital of the Company or any of its subsidiaries; and
- (vi) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares or any equity interest in any of the subsidiaries of the Company.

(2) No member of the Group is presently listed on any stock exchange or traded on any trading system.

(3) There is no arrangement under which future dividends are waived or agreed to be waived.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(4) There has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the twelve (12) months immediately preceding the date of this document.

(5) [●]