

### HISTORY AND DEVELOPMENT

As at the Latest Practicable Date, our Company is a wholly-owned subsidiary of Tian An, a company listed on the Stock Exchange (Stock Code: 28).

Our history can be traced back to 1993 when AII-Shanghai was set up by Millennium Group Limited (previously known as Allied Industries International Limited), being the sole shareholder of AII-Shanghai at the time of its incorporation. Subsequently, AII-Shanghai established Shanghai SAC on 31 December 1993 and owned 60% equity interest in Shanghai SAC, with the joint venture partner being Shanghai Cement Factory at the time of establishment, which owned the other 40% equity interest in Shanghai SAC. Prior to the Premises Vacation, Shanghai SAC had been engaged in manufacturing and distribution of cement and clinker, with a factory in Xuhui District, Shanghai and an annual cement production of about 1 million tons. The cement had been sold under the brand name “泰立” (Titan). After the Premises Vacation, Shanghai SAC has been involved in trading activities only.

The sole shareholder of AII-Shanghai subsequently transferred 50% of the issued share capital of AII-Shanghai to each of Aso Corporation (previously known as Aso Cement Co., Ltd.), an Independent Third Party at the time of transfer and a Japanese corporation, and Tian An on 24 June 1996 and 16 December 1997 respectively. Tian An and Aso Corporation further transferred its respective interest in 50% and 33.33% of the issued share capital of AII-Shanghai to TACHP, a wholly-owned subsidiary of Tian An, on 22 April 1998 and 4 January 1999 respectively. As a result of these transfers, AII-Shanghai was held as to 83.33% by TACHP and as to 16.67% by Aso Corporation.

On 15 May 2001, TACHP transferred all its entire 83.33% shareholding interest in AII-Shanghai to ChinaVision Media, being an Independent Third Party at the time of transfer based on information available and to the best knowledge of the Directors, at a total consideration of HK\$250,000,000 which was satisfied by ChinaVision Media through the allotment and issue of 25,000,000,000 shares of HK\$0.01 each in the capital of ChinaVision Media, representing approximately 68.54% of its enlarged issued share capital after completion of its restructuring. The consideration in the amount of HK\$250,000,000 for the disposal of the 83.33% shareholding interest in AII-Shanghai by TACHP to ChinaVision Media was based on an independent professional valuation performed by B.I. Appraisals, whose valuation report dated 18 December 2000 valued the business of Shanghai SAC at HK\$540,000,000. As the 83.33% shareholding interest in AII-Shanghai represented an approximately 50% effective shareholding interest in Shanghai SAC, it had a valuation of approximately HK\$270,000,000, representing an 8% premium over the consideration of HK\$250,000,000.

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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The injection of 83.33% shareholding interest in AII-Shanghai from TACHP into ChinaVision Media was a part of the financial restructuring of ChinaVision Media to restructure its indebtedness with the creditors. In addition, on the same day, as a part of the financial restructuring of ChinaVision Media, Tian An, through its wholly-owned subsidiary, subscribed an additional 26.33% shareholding interest in ChinaVision Media of its enlarged issued share after completion of the financial restructuring for a cash consideration of HK\$96,000,000. As a result of the financial restructuring of ChinaVision Media, Tian An, through its subsidiaries, was interested in approximately 94.87% shareholding interest in ChinaVision Media which was directly holding 83.33% shareholding interest in AII-Shanghai. Subsequently, Tian An through its subsidiaries disposed of a total of 40.10% shareholding interest in ChinaVision Media during the year of 2001 by way of (i) private placements of 20.36% shareholding interest in ChinaVision Media to a number of placees who were Independent Third Parties; and (ii) disposal of 19.74% shareholding interest in ChinaVision Media to an Independent Third Party at the time of transfer based on information available and to the best knowledge of the Directors, as part of the consideration for the acquisition of a 90% shareholding interest in a property development company by Tian An Group. As a result of these disposals, Tian An was interested in the controlling interest of 54.77% in ChinaVision Media.

In May 2001, SAC Holdings was incorporated in Hong Kong by ChinaVision Media with the purpose of becoming the holding company of Shanghai SAC (through AII-Shanghai) and Shandong SAC (through AII-cement).

In June 2001, ChinaVision Media through its wholly-owned subsidiary at the relevant time, AII-cement, invested US\$1 million (equivalent to approximately HK\$7.8 million) to establish Shandong SAC, expanding its operations to Shandong.

SAC Holdings further expanded its operations in Shandong by investing approximately US\$3.91 million (equivalent to approximately HK\$30.5 million) to set up Allied Wangchao in December 2003, in which SAC Holdings initially held 85% equity interest and the other shareholder, namely Wangchao Coal, an Independent Third Party held 15% equity interest. Following various capital injections and transfers subsequently, SAC Holdings finally became beneficially interested in 100% equity interest in Allied Wangchao in 2008.

On 8 May 2007, Tian An entered into a placing agreement to sell its entire remaining 54.77% shareholding interest (399,485,640 shares) in ChinaVision Media to independent investors through a placing agent for HK\$0.7 per share so as to allow itself to streamline its business activities and to focus on its core business activities of property development, property investment, property management and hotel operation through the disposal of its non-core business, namely, the manufacture and sale of construction materials in the PRC. As a result of the placing, Tian An raised net proceeds of approximately HK\$274,800,000 for its general working capital purposes. Consequently, Tian An ceased to be the shareholder of ChinaVision Media and ceased to have beneficial interest in the business of SAC Holdings.

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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On 21 May 2009, Tian An, through its indirect wholly-owned subsidiary, Sunwealth, entered into a sale and purchase agreement in respect of acquisition of the entire issued share capital of SAC Holdings at the consideration of HK\$50,027,000 and took up the assignment of the shareholder's loan in the principal amount of HK\$278,503,677 owed by SAC Holdings and its subsidiaries to ChinaVision Media at the consideration of HK\$149,973,000 from ChinaVision Media. The total consideration in the amount of HK\$200,000,000 for the re-acquisition of SAC Holdings by Tian An through Sunwealth was determined with reference to the unaudited consolidated net tangible asset value of SAC Holdings and its then subsidiaries (excluding the goodwill) of HK\$50,027,000 (based upon the unaudited management accounts for the period ended 31 March 2009 of SAC Holdings and its subsidiaries), the value of the shareholder's loan in the principal amount of HK\$278,503,677 owed by SAC Holdings and its subsidiaries to ChinaVision Media and the ability to repay such shareholder's loan by SAC Holdings. The transfer of the entire issued share capital of SAC Holdings from ChinaVision Media to Sunwealth was completed on 16 September 2009. We thus became wholly-owned by Tian An. Tian An decided to re-acquire our business at that time after having disposed of its interest in us in May 2007 as our business had shown a strong revenue growth in 2008 notwithstanding the macroeconomic measures to cool down the overheated economy by the PRC government and Tian An expected strong demand for construction materials underpinned by the significant growth prospect of property development in the PRC. As the core business of Tian An had experienced steady growth, Tian An expected to diversify its scope of business to that of manufacturing and distribution of construction material in the PRC as a result of the re-acquisition of SAC Holdings so as to expand its source of revenue and the clientele base in the PRC.

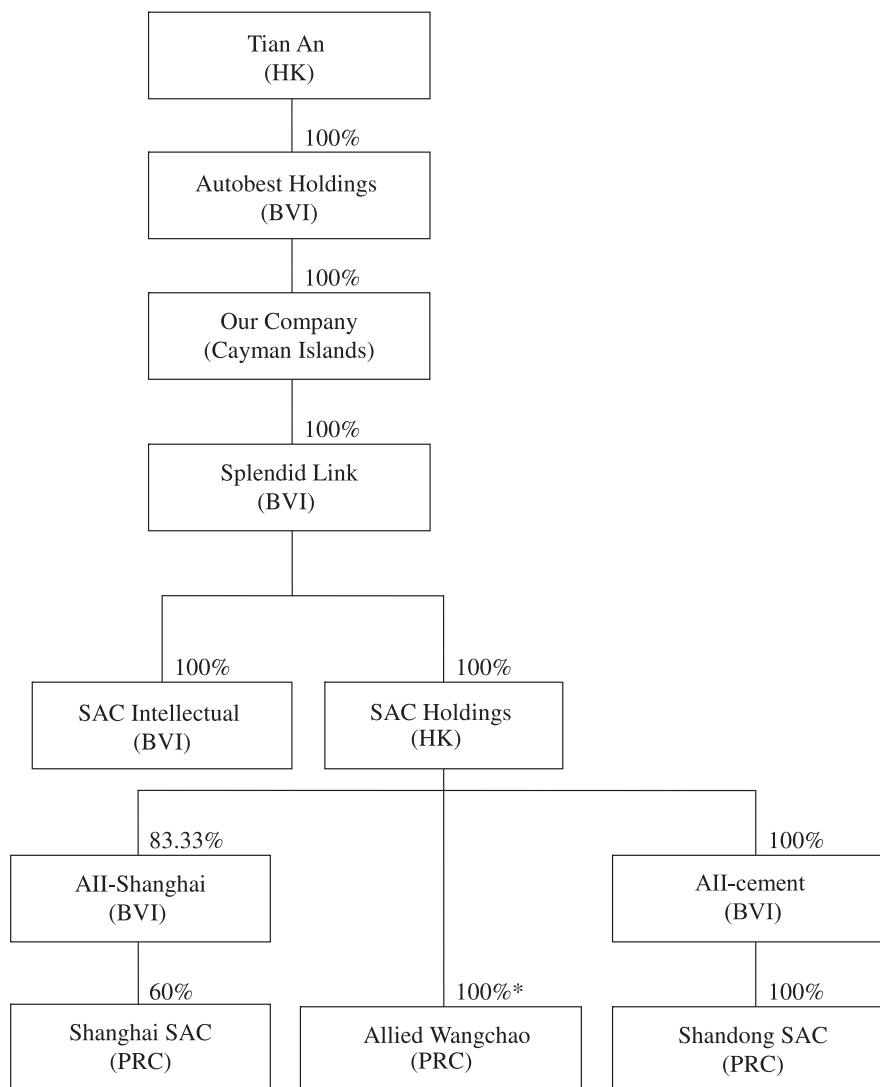
### CORPORATE STRUCTURE AND SHAREHOLDING STRUCTURE

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 March 2011.

We have 8 subsidiaries, namely Splendid Link, SAC Intellectual, SAC Holdings, AII-Shanghai, AII-cement, Shanghai SAC, Allied Wangchao and Shandong SAC, details of which are set out in the following part in this section.

## CORPORATE REORGANISATION AND GROUP STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group as at the Latest Practicable Date:



\* AII-Shanghai holds 25.63% of the equity interest of Allied Wangchao on trust for SAC Holdings.

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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### **Splendid Link**

Splendid Link is the investment holding company of a number of our operating subsidiaries. Splendid Link was incorporated in the BVI on 19 November 2010 as a limited liability company which is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 23 December 2010, one share at par was allotted and issued as fully paid to Sunwealth.

On 20 December 2011, as part of the Reorganisation, our Company acquired one share with par value of US\$1.00 in the capital of Splendid Link, representing the entire issued share capital of Splendid Link, from Sunwealth at a total consideration of HK\$352,707,832. Such consideration was determined with reference to the investment cost of Tian An Group. In consideration of such acquisition, the Company allotted and issued 352,707,832 new Shares to Autobest Holdings under the payment instructions of Sunwealth at the issue price of HK\$1.00 per Share. The transfer of one share in Splendid Link from Sunwealth to the Company was completed on the same date and Splendid Link has become the direct wholly-owned subsidiary of the Company. On 20 December 2011, a shareholder's loan in the amount of HK\$50,038,692.20 owed by Splendid Link to Sunwealth and a shareholder's loan in the amount of HK\$177,266,325.23 owed by SAC Holdings to Sunwealth were assigned from Sunwealth to our Company. These two loans were assigned to our Company at an aggregate consideration of HK\$142,292,167 which was satisfied by the allotment and issue of an aggregate of 142,292,167 new Shares at the issue price of HK\$1.00 per Share to Autobest Holdings in accordance with the payment instructions given by Sunwealth to our Company.

As at the Latest Practicable Date, our Company was the sole shareholder of Splendid Link. The share in Splendid Link is fully paid up.

### **SAC Intellectual**

SAC Intellectual was incorporated in the BVI on 11 March 2010 as a limited liability company which is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. One share at par in SAC Intellectual was allotted and issued to SAC Investments on 19 March 2010.

On 31 December 2010, as part of the Reorganisation, Splendid Link acquired the one share with par value of US\$1.00 in the capital of SAC Intellectual, representing its entire issued share capital, at par and a shareholder's loan owed by SAC Intellectual to SAC Investments in the principal amount of HK\$2,192.20 at the consideration equivalent to such amount. The transfer of one share in SAC Intellectual from SAC Investments to Splendid Link was completed on 31 December 2010 and Splendid Link has become the sole shareholder of SAC Intellectual accordingly.

As at the Latest Practicable Date, the sole function of SAC Intellectual was the holding of trademarks for our Group. All the share in SAC Intellectual is fully paid up.

### **SAC Holdings**

SAC Holdings was incorporated in Hong Kong on 21 May 2001 as a limited liability company under the name of Art Team Investments Limited with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. SAC Holdings was incorporated with the purpose of being holding company of the operating business of Shanghai SAC, Shandong SAC and Allied Wangchao. One share

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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was allotted at par to each of the two nominee subscribers which were Independent Third Parties on the date of its incorporation. On 11 June 2001, the two nominee subscribers transferred their respective one share in SAC Holdings to a wholly-owned subsidiary of ChinaVision Media and its nominee at par respectively. On the same day, SAC Holdings further allotted and issued 998 shares at par, credited as fully paid, to the same wholly-owned subsidiary of ChinaVision Media. As a result of these transfers and the allotment, ChinaVision Media was beneficially interested in the 100% shareholding interest in SAC Holdings through its subsidiary and nominee.

On 9 June 2003, the wholly-owned subsidiary of ChinaVision Media transferred 999 shares in SAC Holdings to ChinaVision Media at par, representing 99.9% of the issued share capital in SAC Holdings at the time of transfer.

On 11 June 2003, the authorised share capital of SAC Holdings was increased from HK\$10,000 to HK\$10,000,000 by the creation of an additional 9,990,000 shares of par value of HK\$1.00 each.

On 12 June 2003, SAC Holdings further allotted and issued 9,999,000 shares with par value of HK\$1.00 each, credited as fully paid, to ChinaVision Media. After this allotment, ChinaVision Media directly owned the 9,999,999 shares in SAC Holdings while the remaining one share in SAC Holdings was held by its nominee on trust for ChinaVision Media.

On 18 June 2003, SAC Holdings changed the name from Art Team Investments Limited to its current name.

On 21 May 2009, an agreement for sale and purchase relating to the entire issued share capital of SAC Holdings was entered into among ChinaVision Media, Sunwealth and Tian An, pursuant to which Sunwealth has conditionally agreed to acquire the entire issued share capital of SAC Holdings at the consideration of HK\$50,027,000 and to take up the assignment of the shareholder's loan in the principal amount of HK\$278,503,677 owed by SAC Holdings to ChinaVision Media at the consideration of HK\$149,973,000 from ChinaVision Media. The total consideration in the amount of HK\$200,000,000 for the acquisition of SAC Holdings by Sunwealth was determined with reference to the unaudited consolidated net tangible assets value of SAC Holdings and its then subsidiaries (excluding goodwill) of HK\$50,027,000 (based upon the unaudited management accounts for the period ended 31 March 2009 of SAC Holdings and its subsidiaries), the value of the shareholder's loan in the principal amount of HK\$278,503,677 owed by SAC Holdings to ChinaVision Media and the ability of repayment of such shareholder's loan of SAC Holdings at that time. The transfer of 10,000,000 shares in SAC Holdings from ChinaVision Media to Sunwealth was completed on 16 September 2009. As a result of this transfer, SAC Holdings has become an indirect wholly-owned subsidiary of Tian An.

On 31 December 2010, as part of the Reorganisation, an agreement for the sale and purchase of 10,000,000 shares in SAC Holdings, being its entire issued share capital, was entered into between Sunwealth and Splendid Link, pursuant to which Splendid Link agreed to acquire the entire issued share capital of SAC Holdings at the consideration of HK\$50,027,000. The consideration was determined with reference to the consideration of the acquisition of SAC Holdings by Sunwealth in May 2009. The transfer of the entire issued share capital of SAC Holdings from Sunwealth to Splendid Link was completed on 31 December 2010 and Splendid Link has become the sole shareholder of SAC Holdings accordingly. All the shares in SAC Holdings are fully paid up.

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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### AII-Shanghai

AII-Shanghai was incorporated in the BVI on 1 March 1993 as a limited liability company with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. AII-Shanghai was incorporated with the purpose of operating the cement business. On 26 February 1996, the authorised share capital of AII-Shanghai was increased from US\$50,000 to US\$15,000,000 by the creation of an additional 14,950,000 shares of US\$1.00 each. On 26 April 1996, the authorised share capital of AII-Shanghai was further increased from US\$15,000,000 to US\$15,400,000 by the creation of an additional 400,000 shares of US\$1.00 each.

The initial shareholder of AII-Shanghai was Millennium Group Limited (previously known as Allied Industries International Limited). The shareholding of AII-Shanghai has undergone various changes since its incorporation. On 6 July 1993, one share at par was allotted and issued, credited as fully paid to Millennium Group Limited. Subsequently, AII-Shanghai further allotted and issued, credited as fully paid, 1 and 28 shares at par to Millennium Group Limited on 22 August 1995 and 18 December 1995 respectively.

On 27 April 1996, a total of 15,376,470 shares in AII-Shanghai was further allotted and issued to Millennium Group Limited so as to set off a shareholder's loan in the same amount owed by AII-Shanghai to Millennium Group Limited. As a result of this allotment, Millennium Group Limited was interested in 15,376,500 shares in AII-Shanghai, representing 100% of the issued share capital of AII-Shanghai.

On 24 June 1996, Millennium Group Limited transferred 7,688,250 shares in AII-Shanghai, representing 50% of the issued share capital of AII-Shanghai at the time of transfer, to Aso Corporation (previously known as Aso Cement Co., Ltd.), a Japanese corporation, at a consideration of US\$9,848,250.

On 16 December 1997, Millennium Group Limited further transferred its 7,688,250 shares in AII-Shanghai to Tian An at a consideration of HK\$64,500,000, representing the remaining 50% of the issued share capital of AII-Shanghai at the time of transfer.

On 22 April 1998, as a part of internal restructuring, Tian An transferred its 7,688,250 shares in AII-Shanghai to TACHP, its wholly-owned subsidiary, at a consideration of HK\$1.00, representing 50% of the issued share capital of AII-Shanghai at the time of transfer.

On 4 January 1999, TACHP further acquired 5,125,500 shares in AII-Shanghai from Aso Corporation at a consideration of US\$6,565,500, representing 33.33% of the issued share capital of AII-Shanghai at the time of transfer.

As a result of those transfers in 1998 and 1999, AII-Shanghai was owned as to 83.33% by TACHP and 16.67% by Aso Corporation.

On 15 May 2001, TACHP transferred all its 12,813,750 shares in AII-Shanghai to ChinaVision Media at a total consideration of HK\$250,000,000, representing 83.33% of the issued share capital of AII-Shanghai at the time of transfer, which was satisfied by ChinaVision Media through the allotment and issue of 25,000,000,000 shares of HK\$0.01 each in the capital of ChinaVision Media. The consideration in the amount of HK\$250,000,000 for the disposal of 12,813,750 shares in AII-Shanghai



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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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to ChinaVision Media was determined with reference to an independent professional valuation performed by B.I. Appraisals which valued the business of Shanghai SAC, the sole asset of AII-Shanghai.

On 12 June 2003, as a part of the internal restructuring, ChinaVision Media further transferred all its 12,813,750 shares in AII-Shanghai to SAC Holdings, a wholly-owned subsidiary of ChinaVision Media at the time of transfer, at a total consideration of HK\$250,000,000, representing 83.33% of the issued share capital of AII-Shanghai at the time of transfer.

At the beginning of the Track Record Period and up to the Latest Practicable Date, AII-Shanghai was held as to 83.33% by SAC Holdings and as to 16.67% by Aso Corporation. All the shares of AII-Shanghai are fully paid up.

Aso Corporation is incorporated in Japan and it principally engages in hospital management. In addition, Aso Corporation and its subsidiaries also engage in cement production and trade, waste treatment and recycling and related activities. It became one of the shareholders of AII-Shanghai in 1996. Its ultimate shareholder is Aso Juku Educational Foundation. Other than being a shareholder holding approximately 16.67% of the entire issued share capital of AII-Shanghai, there are no past or present relationships (including family or employment relationships) between Aso Corporation and our Group, and their respective shareholders, directors, senior management or any of their respective associates.

### **AII-cement**

AII-cement was incorporated in the BVI on 5 January 2001 as a limited liability company under the name of Propertyfield Investments Limited with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. AII-cement was incorporated as the investment holding company for the operating business of Shandong SAC and its initial shareholder was ChinaVision Media at the time of its incorporation.

On 12 April 2001, AII-cement changed the name from Propertyfield Investments Limited to its current name.

On 16 May 2001, the authorised share capital of AII-cement was increased from US\$50,000 to US\$1,500,000 by the creation of an additional 1,450,000 shares of US\$1.00 each.

On 12 June 2003, one share in AII-cement, representing its entire issued share capital, was transferred from ChinaVision Media to SAC Holdings at par. As a result of this transfer, AII-cement has become a direct wholly-owned subsidiary of SAC Holdings. As at the beginning of the Track Record Period and up to the Latest Practicable Date, SAC Holdings has remained the sole shareholder of AII-cement. The share of AII-cement is fully paid up.

### **Shanghai SAC**

Shanghai SAC was established by AII-Shanghai and Shanghai Cement Factory as a sino-foreign equity joint venture in the PRC on 31 December 1993. At the time of its incorporation, the registered capital of Shanghai SAC was US\$24,000,000 and was held as to 60% by AII-Shanghai and 40% by Shanghai Cement Factory. Shanghai Cement Factory is a state-owned enterprise and its principal



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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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business activities are production and sale of cement, special cement and cement additive, development and trial sale of special materials of construction. Its ultimate shareholder is Shanghai Building Material. Other than being a shareholder holding 40% equity interest in Shanghai SAC, there are no past or present relationships (including family or employment relationships) between Shanghai Cement Factory and our Group and their respective shareholders, directors, senior management or any of their respective associates.

As at the Latest Practicable Date, the entire equity interest of Shanghai SAC was owned by AII-Shanghai as to 60% and by Shanghai Cement Factory as to 40%. The business scope of Shanghai SAC approved by the Administration Bureau of Industry and Commence of Shanghai Province includes, *inter alia*, production of cement and clinker, cement products, new type cementitious materials (新型膠凝材料), and sale of self-produced products.

We have received a letter from Shanghai Building Material dated 16 August 2011 informing us that the 40% equity interest in Shanghai SAC will be transferred from Shanghai Cement Factory to Shanghai Building Material due to the restructuring of the investment holdings of Shanghai Building Material. A waiver from exercising the pre-emptive right has been issued by AII-Shanghai and upon completion of such transfer, Shanghai SAC will be owned as to 60% by AII-Shanghai and 40% by Shanghai Building Material.

### Allied Wangchao

Allied Wangchao was established by SAC Holdings and Wangchao Coal as a sino-foreign equity joint venture in the PRC on 29 December 2003. At the time of its incorporation, the registered capital of Allied Wangchao was US\$4,600,000 and was held as to 85% by SAC Holdings and as to 15% by Wangchao Coal.

SAC Holdings, AII-Shanghai and Wangchao Coal entered into a capital transfer agreement on 20 December 2003 and an equity interest transfer agreement on 28 April 2004, pursuant to which SAC Holdings and Allied Wangchao agreed to transfer their respective 75% and 5% equity interest in Allied Wangchao to AII-Shanghai for considerations of US\$3,450,000 and of US\$230,000 respectively, based on their relevant portion of the registered capital in Allied Wangchao at the time of transfer. As approved by the relevant authorities in the PRC on 17 May 2004, Allied Wangchao was owned as to 10%, 10% and 80% by SAC Holdings, Wangchao Coal and AII-Shanghai (which held on trust for SAC Holdings) respectively as a result of the transfer. Pursuant to a trust agreement entered into between SAC Holdings and AII-Shanghai on 13 November 2003, AII-Shanghai would hold the 80% equity interest of Allied Wangchao on trust for SAC Holdings so as to facilitate the cashflow among the Group within the PRC. Besides, the trust arrangement would also allow AII-Shanghai to enjoy the re-investment tax credit when AII-Shanghai received dividend distributed by Shanghai SAC and reinvested such dividend income to Allied Wangchao. Our Hong Kong legal advisers are of the view that the trust arrangements with respect to the 80% equity interest of Allied Wangchao held by AII-Shanghai on trust for SAC Holdings are legal, valid and enforceable under Hong Kong laws.

In September 2004, the registered capital of Allied Wangchao was increased from US\$4,600,000 to US\$9,200,000. The capital injection in the amount of US\$4,600,000 was solely contributed by SAC Holdings. As a result of the capital injection, the equity interests of both Wangchao Coal and AII-Shanghai were diluted and Allied Wangchao was owned as to 55%, 5% and 40% by SAC Holdings, Wangchao Coal and AII-Shanghai respectively. Pursuant to a trust agreement entered into between SAC

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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Holdings and AII-Shanghai on 3 September 2004, AII-Shanghai would hold the 40% equity interest of Allied Wangchao on trust for SAC Holdings. Our Hong Kong legal advisers are of the view that the trust arrangements with respect to the 40% equity interest of Allied Wangchao held by AII-Shanghai on trust for SAC Holdings are legal, valid and enforceable under Hong Kong laws.

In 2007, Wangchao Coal and SAC Holdings entered into an equity transfer agreement pursuant to which Wangchao Coal agreed to transfer its remaining 5% equity interest in Allied Wangchao at a consideration of RMB4,576,000. The consideration for such transfer was determined with reference to the remaining portion of the registered capital in Allied Wangchao paid up by Wangchao Coal, the investment period of Wangchao Coal in Allied Wangchao and the normal interest rate of loan borrowed from financial institutions or banks. The transfer of the remaining 5% equity interest in Allied Wangchao from Wangchao Coal to SAC Holdings was approved by the relevant authorities in the PRC on 23 May 2008. As a result of this transfer, Allied Wangchao with a registered capital of US\$9,200,000 was held as to 60% by SAC Holdings and as to 40% by AII-Shanghai (which held on trust for SAC Holdings).

In October 2009, the increase in the registered share capital of Allied Wangchao from US\$9,200,000 to US\$14,360,000 was approved by the relevant authorities. The capital injection in the amount of US\$5,160,000 was solely contributed by SAC Holdings. As a result of the capital injection, SAC Holdings has increased its interest level to 74.37% of the equity interest in Allied Wangchao and Allied Wangchao was therefore owned as to 74.37% by SAC Holdings and as to 25.63% by AII-Shanghai. Pursuant to a trust agreement entered into between SAC Holdings and AII-Shanghai on 25 October 2010, AII-Shanghai would hold the 25.63% equity interest of Allied Wangchao on trust for SAC Holdings. Our Hong Kong legal advisers are of the view that the trust arrangements with respect to the 25.63% equity interest of Allied Wangchao held by AII-Shanghai on trust for SAC Holdings are legal, valid and enforceable under Hong Kong laws.

Upon the completion of the capital injection by SAC Holdings, a new Business License of corporation Entity (企業法人營業執照) was issued by the relevant government authority in the PRC on 20 August 2011. There has been no change in the shareholding of Allied Wangchao after the capital injection in August 2011. Accordingly, as at the Latest Practicable Date, the equity interest of Allied Wangchao was held by SAC Holdings as to 74.37% and by AII-Shanghai as to 25.63% on trust for SAC Holdings. The business scope of Allied Wangchao approved by the Administration Bureau of Industry and Commence of Zaozhuang City includes production and sale of cement, clinker and cement products, and use of waste heat generated from the production line.

### **Shandong SAC**

Shandong SAC was established by AII-cement as a wholly foreign-owned enterprise in the PRC on 8 June 2001 with a registered capital of US\$1,000,000.

There has been no change in the shareholding of Shandong SAC since its incorporation. Accordingly, as at the Latest Practicable Date, the entire equity interest of Shandong SAC was wholly owned by AII-cement. The business scope of Shandong SAC approved by the Administration Bureau of Industry and Commence of Zaozhuang City includes production and sale of cement and cement products.

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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### SUMMARY OF INFORMATION OF THE SUBSIDIARIES

Set out below is a summary in relation to the subsidiaries of the Group as at the Latest Practicable Date:

<u>Name of Company</u>	<u>Date of incorporation</u>	<u>Place of incorporation</u>	<u>Principal business</u>
1. Splendid Link	19 November 2010	BVI	Investment holding
2. SAC Intellectual	11 March 2010	BVI	Holding the trademarks for our Group
3. SAC Holdings	21 May 2001	Hong Kong	Investment holding
4. AII-Shanghai	1 March 1993	BVI	Investment holding
5. AII-cement	5 January 2001	BVI	Investment holding
6. Shanghai SAC	31 December 1993	PRC	Trading of cement and clinker
7. Allied Wangchao	29 December 2003	PRC	Manufacture and sale of cement and clinker
8. Shandong SAC	8 June 2001	PRC	Manufacture and sale of slag

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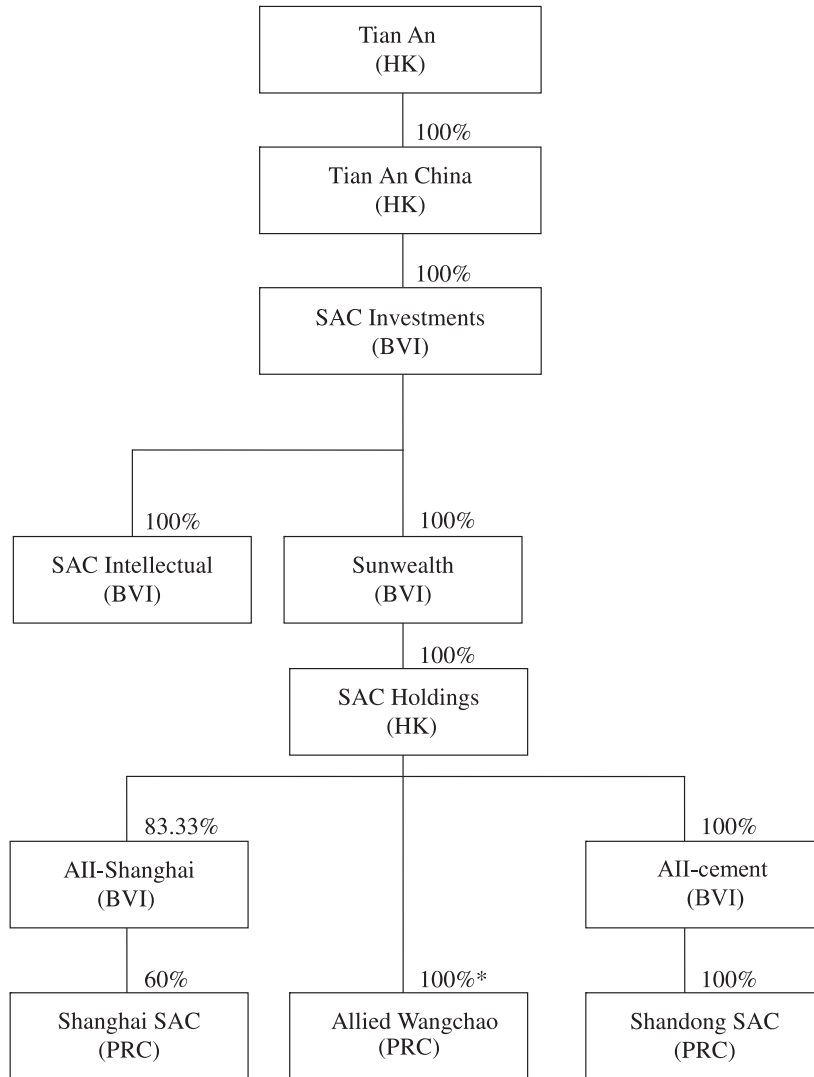
# CORPORATE REORGANISATION AND GROUP STRUCTURE

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## CORPORATE REORGANISATION

### Reorganisation

The following chart sets out our corporate structure prior to the commencement of the Reorganisation:



\* AII-Shanghai holds 25.63% of the equity interest of Allied Wangchao on trust for SAC Holdings.

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## CORPORATE REORGANISATION AND GROUP STRUCTURE

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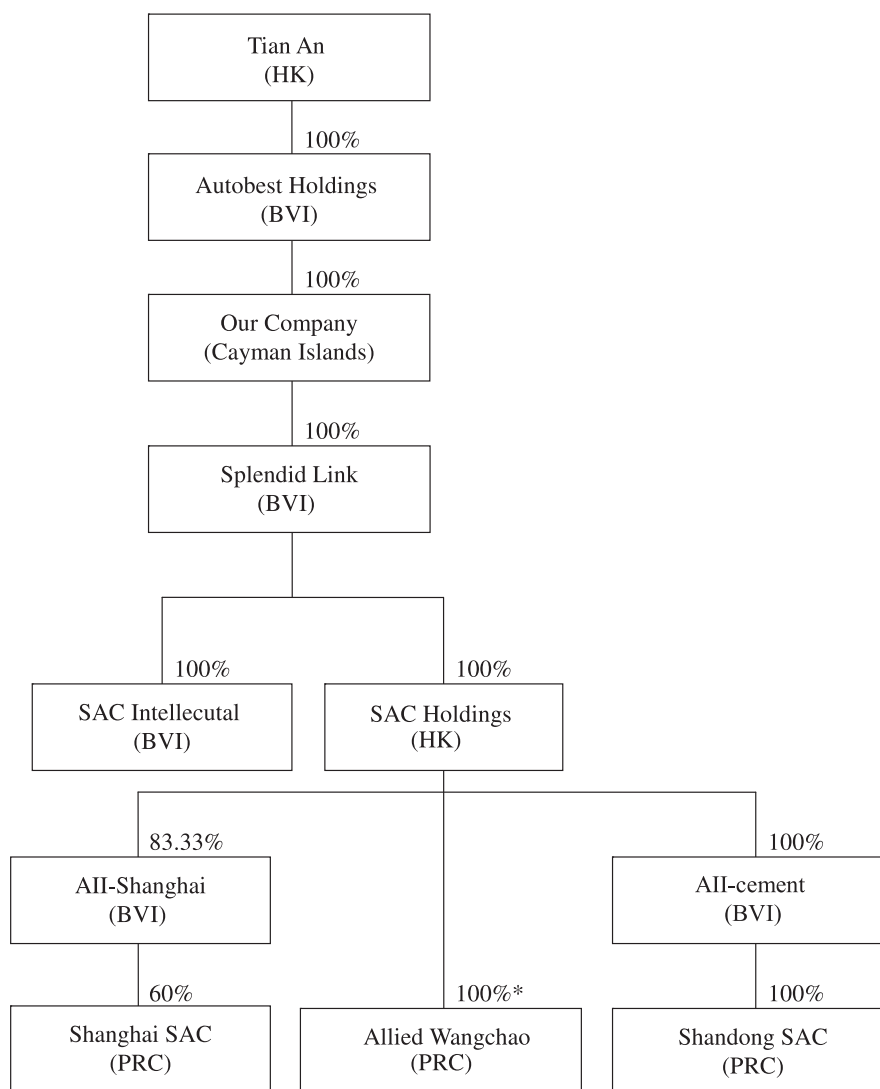
We underwent the Reorganisation to streamline our group structure in preparation for the Listing, and as a result, our Company became the holding company of Splendid Link. The principal steps involved in the Reorganisation are summarised below:

- (a) On 19 November 2010, Splendid Link was incorporated in the BVI as a limited liability company, which is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 23 December 2010, one share at par was allotted and issued as fully paid to Sunwealth.
- (b) On 31 December 2010, an agreement for the sale and purchase of one share in SAC Intellectual was entered into between Splendid Link and SAC Investments, pursuant to which Splendid Link agreed to acquire one share with par value of US\$1.00 in capital of SAC Intellectual, representing its entire issued share capital, at par. The transfer of one share in SAC Intellectual from SAC Investments to Splendid Link was completed on the same date and Splendid Link has become the sole shareholder of SAC Intellectual accordingly. On 31 December 2010, a deed of assignment relating to a shareholder's loan owed by SAC Intellectual to SAC Investments in the principal amount of HK\$2,192.20 was entered into between SAC Investments and Splendid Link, pursuant to which SAC Investments agreed to assign and Splendid Link agreed to take the assignment of the shareholder's loan at the consideration equivalent to its principal amount.
- (c) On 31 December 2010, an agreement for the sale and purchase of 10,000,000 shares in SAC Holdings, being its entire issued share capital, was entered into between Sunwealth and Splendid Link, pursuant to which Splendid Link agreed to acquire the entire issued share capital of SAC Holdings at the consideration of HK\$50,027,000 from Sunwealth. The transfer of the entire issued share capital of SAC Holdings from Sunwealth to Splendid Link was completed on 31 December 2010 and Splendid Link has become the sole shareholder of SAC Holdings accordingly.
- (d) On 11 March 2011, Autobest Holdings was incorporated in the BVI as a limited liability company, which is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 18 March 2011, one share at par was allotted and issued as fully paid to Tian An.
- (e) On 21 March 2011, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same day, one subscriber share at par was transferred to Autobest Holdings at par.
- (f) On 20 December 2011, the Company acquired one share with par value of US\$1.00 in the capital of Splendid Link, representing the entire issued share of Splendid Link, from Sunwealth at a total consideration of HK\$352,707,832. In consideration of such acquisition, the Company allotted and issued 352,707,832 new Shares to Autobest Holdings under the payment instructions of Sunwealth at the issue price of HK\$1.00 per Share. The transfer of one share in Splendid Link from Sunwealth to the Company was completed on the same date and Splendid Link has become the direct wholly-owned subsidiary of the Company accordingly. On 20 December 2011, a shareholder's loan in the amount of HK\$50,038,692.20 owed by Splendid Link to Sunwealth and a shareholder's loan in the

## CORPORATE REORGANISATION AND GROUP STRUCTURE

amount of HK\$177,266,325.23 owed by SAC Holdings to Sunwealth were assigned from Sunwealth to our Company. These two loans were assigned to our Company at an aggregate consideration of HK\$142,292,167 which was satisfied by the allotment and issue of an aggregate of 142,292,167 new Shares at the issue price of HK\$1.00 per Share to Autobest Holdings in accordance with the payment instructions given by Sunwealth to our Company.

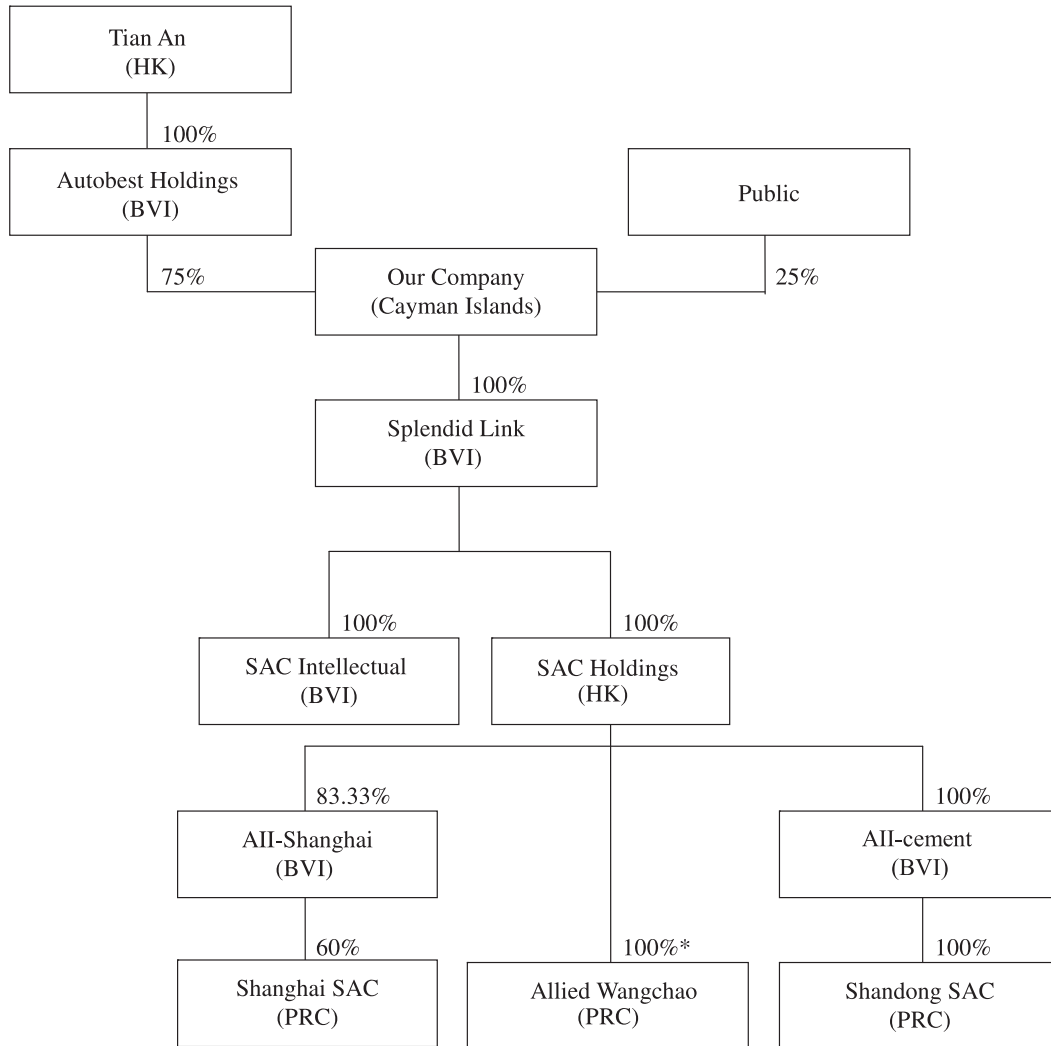
The following chart sets out our corporate structure immediately following completion of the Reorganisation and prior to the Share Offer:



\* AII-Shanghai holds 25.63% of the equity interest of Allied Wangchao on trust for SAC Holdings.

## CORPORATE REORGANISATION AND GROUP STRUCTURE

The following chart sets out our corporate structure after the Reorganisation and immediately following completion of the Share Offer:



\* AII-Shanghai holds 25.63% of the equity interest of Allied Wangchao on trust for SAC Holdings.