

## **HISTORY AND DEVELOPMENT**

### **Introduction**

We were incorporated as a corporation in Alberta, Canada on 22 February 2007 under the ABCA. Our registered office is located at Suite 3300, 421 – 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 4K9, Canada, and our head office and principal place of business is located at Suite 1020, 903 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, T2P, OP7, Canada.

We were founded by Mr. Michael John Hibberd and Mr. Songning Shen, who currently act as our Co-Chairmen and Executive Directors. Mr. Hibberd and Mr. Shen met each other in late 2005 through a mutual friend, Mr. Simon Har. In early 2006, Mr. Hibberd and Mr. Shen began active planning to acquire Oil Sands Leases in the Athabasca oil sands region through Crown Land Sales when they, in co-operation with Mr. Har, incorporated Fern Energy Ltd. (our Subsidiary) as a bidding vehicle. Commencing in early 2006, Fern raised over C\$1.7 million to fund Oil Sands Lease acquisitions. Personal funds of Mr. Hibberd, Mr. Shen and Mr. Har totalling C\$30,000 were invested in Fern. In late 2006, Fern returned the third party funds raised following a failure to acquire any Oil Sands Leases. All of Fern's expenses were covered by the funds invested by Mr. Hibberd, Mr. Shen and Mr. Har in Fern.

In 2007, Mr. Hibberd and Mr. Shen decided to continue their Oil Sands Lease bidding activities, while Mr. Har left to pursue other business activities in Alberta and commence work with a third party employer, following the return of his third party funds by Fern. On 7 February 2007, Mr. Shen successfully acquired four Oil Sands Lease sections for an aggregate cost of C\$200,000. Following this acquisition, Mr. Hibberd asked Mr. Shen to incorporate a new company to acquire these Oil Sands Leases, which were purchased at cost on 7 February 2007, and to become a corporate vehicle for acquiring additional Oil Sands Leases in Crown Land Sales. We were incorporated on 22 February 2007 for this purpose.

In order to open an office for our Company and acquire new Oil Sands Leases, new equity funds were raised. On 8 May 2007, we acquired all the issued and outstanding shares of Fern in exchange for 60,000 Shares (at a deemed price of C\$1.00 per Share) and 60,000 Purchase Warrants, entitling the former shareholders of Fern (being Mr. Hibberd, Mr. Shen and Mr. Har) the right to acquire one Share at a price of C\$1.50 per Share until 1 October 2007. All 60,000 Purchase Warrants were exercised prior to expiry. We acquired Fern in order to ensure that we could use the information and business plans developed and owned by Fern.

On 30 May 2007, our Oil Sands Lease acquisitions commenced with the successful purchase of two Oil Sands Lease sections at West Ells for approximately C\$1.2 million in aggregate. Funding for this acquisition was sourced from a wide variety and large number of individual and corporate equity investors. Each subsequent Oil Sands Lease purchase has been funded by additional equity financing.

Since 2007, we have accumulated a sizeable land position of over 400,000 hectares, within which we have commenced significant delineation programs. We acquired all of our Oil Sands Leases from the Government of Alberta in accordance with applicable regulations and procedures. We commenced an active drilling programme from 2007 to mid-2008 and we solely engaged D&M to initially evaluate our properties and assets and produce an initial competent person's report with an

## CORPORATE STRUCTURE AND HISTORY

effective date of 30 April 2008. From mid-2008 to mid-2010, GLJ was engaged as our sole evaluator and produced a competent person's report with an effective date of 1 July 2008, in which we were attributed with best estimate contingent resources of 1.2 billion bbls. Having identified significant resources, we proceeded to focus on establishing reserves and, in parallel, initiated our Harper Pilot, effectively demonstrating oil mobility in our carbonate assets. The test was not designed to demonstrate reservoir conformance to a predictive model and has not established the Grosmont C as a commercial reservoir. The test did achieve the stated objective of mobilising bitumen through thermal stimulation which we believe is an important initial step to understanding this deposit. In September 2010, we began producing conventional heavy oil, and we had 25 wells on production as at the Latest Practicable Date that demonstrated exit rates as at 30 November 2011 that were greater than 800 bbl/d. Our current assessment included 419 million bbls of 2P reserves and 3.1 billion bbls of best estimate contingent resources, and we received regulatory approval for our first 10,000 bbl/d clastic SAGD project at our West Ells property on 26 January 2012.

We filed regulatory applications for two 10,000 bbl/d clastic SAGD projects on 31 October 2011 and 25 November 2011 at our Thickwood and Legend Lake properties, respectively.

### Key Milestones

Our key milestones are set out below:

<b>2007</b>	<ul style="list-style-type: none"> <li>• Incorporated on 22 February 2007 under the ABCA</li> <li>• Acquired Fern for C\$60,000</li> <li>• Raised C\$69.8 million through private equity issuances. The sale of Shares amounted to C\$58.8 million, the issuance of flow-through shares<sup>(1)</sup> amounted to C\$7.2 million with the balance of C\$3.8 million raised from the exercise of warrants. Of the C\$58.8 million raised, approximately C\$13.7 million was brokered and approximately C\$45.1 million was unbrokered. Of the investors who participated in the funding, approximately 44.6% were institutions and approximately 55.4% were individual investors. The timing of these multiple fund raisings allowed us to acquire land at a number of Crown Land Sales and to fund the delineation of those lands</li> <li>• Acquired 38 Oil Sands Leases through Crown Land Sales. This consisted of five Oil Sands Leases (16 sections or 4,096 hectares) at East Long Lake, three Oil Sands Leases (29 sections or 7,424 hectares) at Harper, four Oil Sands Leases (32 sections or 8,192 hectares) at Opportunity, one Oil Sands Lease (seven sections or 1,792 hectares) at Pelican Lake, one Oil Sands Lease (20 sections or 5,120 hectares) at Portage, one Oil Sands Lease (12.5 sections or 3,200 hectares) at Saleski, eight Oil Sands Leases (eight sections or 2,048 hectares) at South Thickwood, four Oil Sands Leases (23 sections or 5,888 hectares) at Thickwood and 11 Oil Sands Leases (21 sections or 5,376 hectares) at West Ells</li> </ul>
<b>2008</b>	<ul style="list-style-type: none"> <li>• Acquired 89 Oil Sands Leases through Crown Land Sales. This consisted of two Oil Sands Leases (22 sections or 5,632 hectares) at Crow Lake, one Oil Sands Lease (36 sections or 9,216 hectares) at Goffer, 35 Oil Sands Leases (664.75 sections or 170,176 hectares) at Harper, two Oil Sands Leases (34 sections or 8,704 hectares) at Legend Lake, nine Oil Sands Leases (183.6 sections or 47,021 hectares) at Muskwa, 20 Oil Sands Leases (184 sections or 47,104 hectares) at Opportunity, one Oil Sands Lease (1.5 sections or 384 hectares) at Pelican Lake, nine Oil Sands Leases (254 sections or 65,024 hectares) at Portage, one Oil Sands Lease (two sections or 512 hectares) at South Thickwood and nine Oil Sands Leases (13 sections or 3,328 hectares) at West Ells</li> <li>• Raised C\$24.5 million through equity issuances. The sale of Shares amounted to C\$18.0 million, the issuance of flow-through shares amounted to C\$3.9 million with the balance of C\$2.6 million raised from the exercise of warrants and C\$0.1 million from the exercise of options. All issuances were unbrokered. Of the investors who participated in the funding, approximately 5.9% were institutions and approximately 94.1% were individual investors. The timing of these multiple fund raisings allowed us to acquire land at a number of Crown Land Sales</li> <li>• Completed the winter drilling programme encompassing the drilling, coring and logging of 58 well locations</li> <li>• Petro Energy Corp acquired a 50% operating working interest in our clastic assets in six sections of the Thickwood area for C\$3.9 million</li> <li>• Commissioned a resource report from GLJ, resulting in an assignment of 4.9 billion bbls best estimate Total P1IP, 1.2 billion bbls best estimate contingent resources and best estimate contingent resources pre-tax PV10% of C\$1.9 billion</li> <li>• Submitted a regulatory application for a carbonate pilot at Harper</li> <li>• Entered into a C\$35 million committed syndicated revolving credit facility with Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal and Alberta Treasury Branch</li> </ul>

*Note:*

(1) Flow-through shares are explained in the section entitled "Accountants' Report" on page I-46 in Appendix I to this Prospectus.

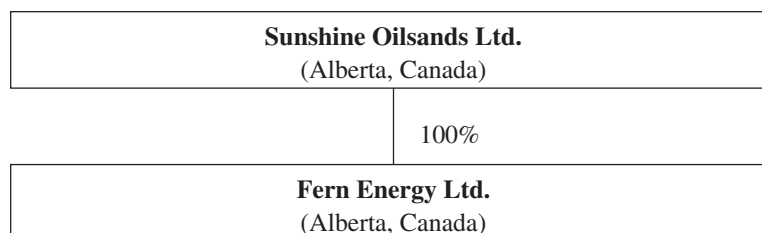
## CORPORATE STRUCTURE AND HISTORY

<b>2009</b>	<ul style="list-style-type: none"> <li>• Raised C\$31.0 million through a sale of equity. The sale of Shares amounted to approximately C\$29.0 million, the issuance of flow through shares amounted to C\$2.0 million with the balance of C\$0.03 million raised from the exercise of options. All issuances were unbrokered. The timing of these multiple fund raisings allowed us to fund the delineation of our existing lands</li> <li>• Submitted a regulatory application for the PRS at Muskwa</li> <li>• Received approval from the ERCB for the Harper carbonate pilot application</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>• Acquired eleven Oil Sands Leases and one PNG Licence through Crown Land Sales. This consisted of one Oil Sands Lease (18 sections or 4,608 hectares) at Godin, five Oil Sands Leases (102.65 sections or 26,277.6 hectares) at Muskwa, one Oil Sands Lease (four sections or 1,024 hectares) at Opportunity, one Oil Sands Lease (seven sections or 1,792 hectares) at Portage, three Oil Sands Leases (1.5 sections or 384 hectares) at West Ells and one PNG Licence (36 sections or 3,072 hectares)</li> <li>• Raised C\$99.7 million through a sale of equity securities. The sale of Shares and units, where each unit consisted of one Share and half a warrant in which one whole warrant entitled the holder to purchase one Share for C\$8.00 within three years of the purchase of the unit, accounted for C\$95.1 million. The issuance of flow through shares amounted to C\$3.8 million and the balance of C\$0.8 million was raised from the exercise of options. All issuances were unbrokered. Of the investors who participated in the funding, approximately 94.5% were institutions and approximately 5.5% were individual investors. The timing of these multiple fund raisings allowed us to acquire land at a number of Crown Land Sales and to fund the delineation of our existing lands</li> <li>• Received approval for the PRS at Muskwa from the ERCB</li> <li>• Completed a winter drilling programme encompassing the drilling, coring and logging of 17 well locations, in addition to three vertical wells</li> <li>• Credit facility repaid in full</li> <li>• Submitted a regulatory application to develop a 10,000 bbl/d SAGD project at West Ells</li> <li>• Commissioned a resource report from GLJ, resulting in an assignment of 38.8 billion bbls best estimate Total PIIP, 2.2 billion bbls best estimate contingent resources with Pre-tax PV10% of C\$3.1 billion and 54.4 million 2P reserves with Pre-tax PV10% of C\$79 million</li> <li>• Commenced drilling at Harper Carbonate Pilot</li> </ul>
<b>2011</b>	<ul style="list-style-type: none"> <li>• Acquired fourteen Oil Sands Leases through Crown Land Sales. This consisted of one Oil Sands Lease (16 sections or 4,096 hectares) at Godin, five Oil Sands Leases (77 sections or 19,712 hectares) at Muskwa, three Oil Sands Leases (10 sections or 2,560 hectares) at Portage, three Oil Sands Leases (three sections or 768 hectares) at West Ells and two Oil Sands Leases (13.3 sections or 3,437.67 hectares) at Pelican lake</li> <li>• Raised a gross proceeds of C\$225.9 million through a private placement. The sale of Shares amounted to C\$147.5 million and the sale of Class B Shares amounted to C\$70.0 million. The issuance of flow through shares amounted to C\$7.1 million with the balance raised from the exercise of options (C\$1.3 million). All issuances were brokered, with the exception of C\$5.9 million of the funds raised. Of the investors who participated in the funding, approximately 91.0% were institutions and approximately 9.0% were individual investors, C\$100.0 million was raised from Charter Globe Limited, C\$70.0 million from China Life Insurance and C\$40 million from Cross-Strait. The timing of these multiple fund raisings allowed us to fund the delineation of our existing lands and continue with the development of our Muskwa heavy oil project</li> <li>• Successfully completed production at our Harper Pilot and demonstrated thermal mobility. The test was not designed to demonstrate reservoir conformance to a predictive model and has not established the Grosmont C as a commercial reservoir. The test did achieve the stated objective of mobilising bitumen through thermal stimulation which we believe is an important initial step to understanding this deposit</li> <li>• Completed major operations for a winter drilling programme; drilling, coring and logging 118 well locations</li> <li>• Commissioned resource reports from GLJ and D&amp;M, resulting in an assignment of 45.4 billion bbls best estimate Total PIIP, 3.1 billion bbls best estimate contingent resources with Pre-tax PV10% of C\$5.1 billion and 418.9 million 2P reserves with Pre-tax PV10% of C\$846 million</li> <li>• Submitted a regulatory application to develop a 10,000 bbl/d SAGD project at Thickwood</li> <li>• Submitted a regulatory application to develop a 10,000 bbl/d SAGD project at Legend Lake</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>• Executed a Memorandum of Understanding for Strategic Cooperation with SIPC</li> <li>• Received regulatory approval from the ERCB to develop a 10,000 bbl/d SAGD project at West Ells</li> </ul>

## CORPORATE STRUCTURE AND HISTORY

### CORPORATE STRUCTURE

Our Company has one wholly owned subsidiary, Fern, a company incorporated under the laws of Alberta, Canada on 3 February 2006 with no material assets. The corporate structure of our Group as at the Latest Practicable Date was as follows:



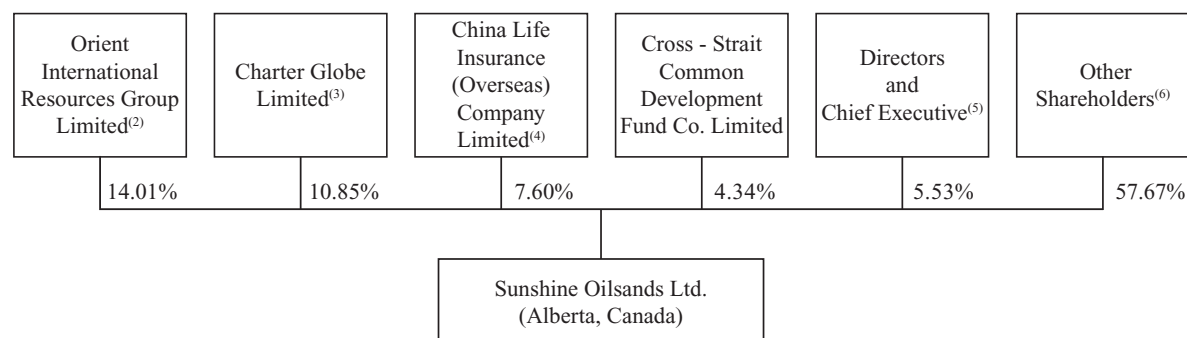
### CHANGES IN SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, we had 1,759,427,440 Shares and 144,628,100 Class B Shares (which will be exchanged for Shares on a one-for-one basis on or immediately prior to Listing), 64,140,000 Class G Shares and 22,200,000 Class H Shares of our Company issued and outstanding. Please refer to the section entitled “Statutory and General Information — A. Further Information About Our Group — 2. Share capital” in Appendix VI to this Prospectus for more information. From 2007 to the present, there have been a number of changes in the shareholding structure of our Company as a result of the issue of shares. Pursuant to the shareholder resolutions passed on 26 January 2012, we effected a split of the issued and outstanding shares of our Company (all classes of shares) whereby twenty (20) shares will be issued in exchange for every one (1) share issued and outstanding. The 20-for-1 share split was implemented on 10 February 2012. For further details about our share capital, please refer to the section entitled “Statutory and General Information — A. Further Information About Our Group — 2. Share Capital” and “Statutory and General Information — A. Further Information About Our Group — 3. Changes in Share Capital of our Group” in Appendix VI to this Prospectus.

### SHAREHOLDERS OF OUR COMPANY

#### Overview

The chart below shows the shareholding structure of our Company as at the Latest Practicable Date<sup>(1)</sup>.



## CORPORATE STRUCTURE AND HISTORY

*Notes:*

- (1) The chart, and the notes to this chart, assume that all Class B Shares (all of which are held by China Life) have been exchanged for Shares as at the Latest Practicable Date. This chart does not include any holdings of Class G Shares or Class H Shares which, together, accounted for 4.34% of our issued share capital (being our Shares, Class B Shares, Class G Shares and Class H Shares) as at the Latest Practicable Date.
- (2) Orient International Resources Group Limited holds 266,666,640 Shares in our Company.
- (3) Charter Globe holds 206,611,560 Shares in our Company. Charter Globe is a wholly owned subsidiary of BOCGI, which is in turn wholly owned by Bank of China.
- (4) China Life holds 144,628,100 Class B Shares in our Company.
- (5) Our Directors hold 5.53% of our issued Shares and our Chief Executive does not hold any of our issued Shares.
- (6) Other Shareholders (excluding Directors and our Chief Executive) held 1,098,146,940 Shares (equal to 57.67% of our issued Shares as at the Latest Practicable Date). None of the “Other Shareholders” holds an individual equity interest of more than 5% of our Company.

The table below highlights the breakdown of the holders of the Shares of our Company as at the Latest Practicable Date.

<u>Shareholder</u>	<u>Number of Shareholders</u>	<u>Number of Shares held</u>	<u>Approximate percentage in our issued Shares as at the Latest Practicable Date</u>
Major Shareholders . . . . .			
<i>Orient International Resources Group Limited</i> <sup>(6)</sup>	—	266,666,640	14.01%
<i>Charter Globe Limited</i>	—	206,611,560 <sup>(8)</sup>	10.85%
<i>China Life Insurance (Overseas) Company Limited</i>	—	144,628,100	7.60%
<i>Cross Strait Common Development Co. Limited</i>	—	82,644,640	4.34%
		700,550,940	36.80%
Directors and Chief Executive . . .			
<i>Mr. Michael John Hibberd</i> <sup>(2)</sup>	—	43,120,000	2.26%
<i>Mr. Songning Shen</i> <sup>(3)</sup>	—	45,137,660	2.37%
<i>Mr. Gregory George Turnbull</i> <sup>(4)</sup>	—	10,100,000	0.53%
<i>Mr. Raymond Shengti Fong</i> <sup>(5)</sup>	—	7,000,000	0.37%
		105,357,660	5.53%
Other Shareholders . . . . .			
<i>Senior Management (excluding our Chief Executive)</i>	12	18,338,760	0.96%
<i>Employees</i>	7	26,125,180	1.37%
<i>Consultants</i>	2	2,554,000	0.13%
<i>Canadian Company Secretary</i> <sup>(7)</sup>	3	2,741,000	0.14%
<i>Corporate Investors</i>	217	622,681,500	32.71%
<i>Individual Investors</i>	654	425,706,500	22.36%
	895	1,098,146,940	57.67%
<b>Total . . . . .</b>		<b>1,904,055,540</b>	<b>100%</b>

*Notes:*

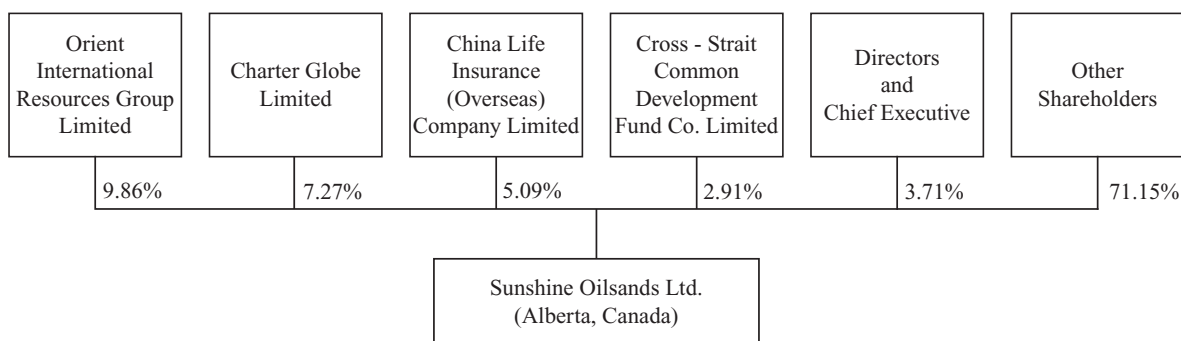
- (1) The table, and the notes to this table, assume that all Class B Shares (all of which are held by China Life) were exchanged for Shares on a one-for-one basis on or immediately prior to Listing. This table does not include any holdings of Class G Shares or Class H Shares which, together, accounted for 4.34% of our issued share capital (being our Shares, Class B Shares, Class G Shares and Class H Shares) as at the Latest Practicable Date.
- (2) Mr. Hibberd has five separate holdings on our share register. Mr. Hibberd has a 100% interest in MJH Services Inc., which itself directly owns 800,000 Shares in our Company. Mr. Hibberd is also deemed to be interested in 880,000 Shares of our Company beneficially owned by Mr. Hibberd’s wife. As at the Latest Practicable Date, it is anticipated that certain Shares held by Mr. Hibberd and

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Mr. Hibberd's wife will be transferred to MJH Services Inc. and 763846 Alberta Ltd. prior to Listing. The transfer will not result in a change in the beneficial interest in such Shares held by Mr. Hibberd and Mr. Hibberd's wife. Please refer to the section entitled "Waivers from Strict Compliance with the Listing Rules and the Companies Ordinance — Rule 9.09 of the Listing Rules" of the Prospectus for further information.

- (3) Mr. Shen has three separate holdings on our share register. Mr. Shen has a 100% interest in 1226591 Alberta Inc., which itself directly owns 4,000,000 Shares in our Company. Mr. Shen is also deemed to be interested in 4,178,000 Shares of our Company beneficially held by Mr. Shen's wife. As at the Latest Practicable Date, it is anticipated that certain Shares held by Mr. Shen and Mr. Shen's wife, will be transferred to 1226591 Alberta Inc. prior to Listing. The transfer will not result in a change in the beneficial interest in such Shares held by Mr. Shen and Mr. Shen's wife. Please refer to the section entitled "Waivers from Strict Compliance with the Listing Rules and the Companies Ordinance — Rule 9.09 of the Listing Rules" of the Prospectus for further information.
- (4) Mr. Turnbull has seven separate holdings on our share register. Mr. Turnbull has a 100% interest in G.G. Turnbull Professional Corporation, which itself directly holds 500,000 Shares in our Company.
- (5) Mr. Fong has two separate holdings on our share register. Mr. Fong has a 50% interest in 888 Capital Ltd, which itself directly owns 6,400,000 Shares in our Company.
- (6) Mr. Hok Ming Tseung directly and indirectly holds an 82% interest in Orient International Resources Group Limited, which itself directly owns 266,666,640 Shares in our Company.
- (7) Mr. Richard Walter Pawluk has three separate holdings on our share register.
- (8) For illustrative purposes, this calculation includes the Shares and the Class B Shares, which will be exchanged for Shares on a one-for-one basis on or immediately prior to Listing.

The below chart shows the expected shareholding structure of our Company immediately following completion of the Global Offering:



*Notes:*

- (1) This chart assumes that 923,299,500 Shares are issued by our Company pursuant to the Global Offering (assuming that the Over-Allotment Option is not exercised) and that all Class B Shares will be exchanged for Shares on a one-for-one basis on or immediately prior to Listing. This chart does not include any Class G Shares or any Class H Shares which, together, will account for 2.95% of our issued share capital upon completion of the Global Offering. This chart assumes that no Shareholders of the Company as at the Latest Practicable Date will acquire Shares pursuant to the Global Offering.
- (2) This chart assumes that the Orient Shares are issued to Orient Financial on the Listing Date and assumes that the Excluded Shares are not issued.

## OUR SUBSTANTIAL SHAREHOLDER

### Orient International Resources Group Limited

Our largest shareholder is Orient International Resources Group Limited. Orient was incorporated in the British Virgin Islands on 7 April 2010 as a wholly owned subsidiary of Orient International Petroleum & Chemical Limited and became a shareholder of our Company on 22 June 2011 pursuant to an internal reorganisation of the shareholdings of certain of the Orient group of companies controlled by Mr. Hok Ming Tseung, a non-executive director of our Company, namely China Energy Group (Overseas) Investment Limited ("**China Energy**"), Pioneer Resources Industrial

## CORPORATE STRUCTURE AND HISTORY

Holdings Limited (“**Pioneer**”) and Orient P&C (together, the “**Orient Group**”). The sole director of Orient is Mr. Tseung. Orient P&C was incorporated in Hong Kong on 6 December 2004 and its shareholders are Far East International Investment Limited (“**Far East International**”) (shareholding of 60%) and Mr. Tseung (shareholding of 40%). Far East International was incorporated in Samoa on 29 September 2003 and its shareholders are Mr. Tseung (who holds a 70% interest) and Concord Ocean Limited, a BVI Company ultimately solely held by Mr. Jin Chun Gen, a business associate of Mr. Tseung (which holds a 30% interest). Accordingly, Mr. Tseung directly and indirectly holds 82% of Orient and is the controlling shareholder of Orient P&C and Orient. Mr. Tseung is a beneficial owner and his ownership does not involve a trust or nominee arrangement. Far East International owns a cement company and toll road management rights in the PRC. Orient is an investment holding company. The largest asset owned by Orient, and Orient P&C, is their interest in our Company.

Pursuant to the internal reorganisation of the shareholdings of the Orient Group on 7 June 2011, China Energy, Pioneer and Orient P&C transferred their interests in our Company to Orient. The internal reorganisation did not affect the proportional holdings of Mr. Tseung and Mr. Jin Chun Gen in our Company, which remained the same before and after the transfer.

The Orient Group first became a shareholder in our Company on 15 September 2009, through a private placement made by Orient P&C. Mr. Tseung was first introduced to our Company in June 2009 by Mr. Xie Jin Tai of Far East Enterprise Investment Foundation Limited, a mutual friend of both Mr. Songning Shen, one of the two Co-Chairmen of our Company, and Mr. Tseung. At that time, Far East Enterprise Investment Foundation Limited had no shareholding or any other interest in our Company. During the course of 2009 we sought overseas investment to fund our corporate development and following our introduction and subsequent discussions with Mr. Tseung, the Orient Group decided to invest in our Company later in that year.

Since September 2009, the Orient Group has invested approximately C\$75.0 million in our Company through 30 September 2011 and as at the Latest Practicable Date. The stake originally held by the Orient Group has increased steadily to an approximate 14.01% interest in our Shares as at the Latest Practicable Date. The Orient Group’s funding in our Company was from its cash resources derived from its infrastructure and construction business in the PRC. Neither Mr. Tseung nor the Orient Group compete with our Company, or hold any interests in any business that competes with our Company.

## OUR STRATEGIC INVESTORS

### Overview

We are supported by prominent Strategic Investors (defined below), each of whom have strong connections and broad experience in Asia. In February 2011, China Life, BOCGI and Cross-Strait (each individually, the “**Strategic Investor**” and, collectively, the “**Strategic Investors**”) made significant investments in our Company.

The investments made by each of China Life, BOCGI and Cross-Strait into our Company are investments with the primary goal of enhancing our Company’s shareholder profile and growth prospects in Asia. China Life, BOCGI and Cross-Strait are prominent investors in the Asian markets, particularly in the PRC. Our Directors believe that, in addition to the financial resources brought to our

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Company by China Life, BOCGI and Cross-Strait, their introduction as investors in our Company may enhance our Company's shareholder profile. Further, our Directors believe that their relationships and contacts can help us build relationships and provide introductions to suppliers and customers not only in China, but Asia as a whole. Our Strategic Investors are able to provide access to significant additional resources and experience, although it is at the discretion of our management and Directors to decide how best to take advantage of such resources.

### **China Life**

China Life is a wholly owned subsidiary of China Life Insurance (Group) Company. China Life Insurance (Group) Company is one of the largest life insurance companies in China and is also one of the largest insurance asset management and institutional investors in China. China Life's products and services include individual life insurance, group life insurance, accident and health insurance. China Life is a leading provider of annuity products and life insurance for both individuals and groups, and a leading provider of accident and health insurance.

China Life entered into a subscription agreement to subscribe for 7,231,405 Class B Shares (prior to the 20-for-1 share split) at an issue price of C\$9.68 on 31 January 2011 as part of their strategic investment into our Company. As at the Latest Practicable Date, China Life held 144,628,100 Class B Shares, equal to 7.60% of our issued Common Shares (which would be equal to approximately 5.09% of our issued Shares at completion of the Global Offering, assuming the issue of the Orient Shares and excluding any Excluded Shares). Under the terms of the subscription agreement entered into between China Life and our Company, The Class B Shares held by China Life are exchangeable for Shares on a one-for-one basis:

- (a) immediately prior to the closing of the initial public offering in the event that the stock exchange relating to the Qualifying IPO (as defined below) has granted formal listing approval;
- (b) at the written request of our Company to China Life, in the event that we determine, acting reasonably and based upon the written advice or requirements of the stock exchange relating to the Qualifying IPO (as defined below), that a Qualifying IPO (as defined below) cannot be completed unless the Class B Shares held by China Life are exchanged for Shares; or
- (c) in the event that China Life requests in writing that we exchange the Class B Shares held by China Life into Shares.

We have agreed with China Life that their Class B Shares will be exchanged for Shares on a one-for-one basis on or immediately prior to Listing.

### **BOCGI**

BOCGI is a company incorporated in Hong Kong and a wholly owned subsidiary of Bank of China Limited. It is principally engaged in investment holding activities and has invested in a large number of large infrastructure and other major projects in Hong Kong, Macau, the PRC and overseas locations, covering such sectors as real estate, industry, energy, transportation, media, hotel and finance.



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Charter Globe, a wholly owned subsidiary of BOCGI, entered into a subscription agreement to acquire 10,330,578 Shares (prior to the 20-for-1 share split) at an issue price of C\$9.68 on 1 February 2011 as part of their strategic investment into our Company. As at the Latest Practicable Date, BOCGI held 206,611,560 Shares, equal to approximately 10.85% of our issued Shares (which would be equal to approximately 7.27% of our issued Shares at completion of the Global Offering, assuming the issue of the Orient Shares and excluding any Excluded Shares).

### **Cross-Strait**

Cross-Strait is a Hong Kong based investment fund. Cross-Strait entered into a subscription agreement to acquire 4,132,232 Shares (prior to the 20-for-1 share split) at an issue price of C\$9.68 on 26 January 2011 as part of their strategic investment into our Company. As at the Latest Practicable Date, Cross-Strait held 82,644,640 Shares, equal to 4.34% of our issued Shares (which would be equal to approximately 2.91% of our issued Shares at completion of the Global Offering, assuming the issue of the Orient Shares and excluding any Excluded Shares).

### **Terms of Repurchase**

The terms of the investments made by our Investors are contained in the Subscription Agreements.

Each of the Subscription Agreements contains a repurchase option, which is summarised generally below:

#### *Repurchase:*

At the option of the Strategic Investor, our Company shall repurchase, for cancellation, all of the shares purchased by the Strategic Investor if our Company (i) completes, or, in the case of China Life resolves to complete, a non-Qualifying IPO (being an IPO other than a Qualifying IPO); or (ii) does not complete a Qualifying IPO in the following time frames: (I) by 31 December 2012, if the Board resolves, on or prior to 1 October 2012, that market and other factors affecting the successful launch of a Qualifying IPO are favourable and that our Company shall proceed to complete a Qualifying IPO by 31 December 2012; or (II) in any event, by 31 December 2013.

If a Qualifying IPO is not completed on or before the applicable date set out above, the Strategic Investor will have the right to request in writing, on or before the 90<sup>th</sup> day after such date, that our Company re-acquire the shares purchased by the Strategic Investor in cash in an amount equal to the Strategic Investor's original investment plus an amount sufficient to result in a 15% return per annum, compounded annually and calculated in Canadian dollars. If the Strategic Investor does not make its repurchase request in writing on or before the 90<sup>th</sup> day after the applicable date set out above, the repurchase entitlement of the Strategic Investor set out herein will terminate automatically.

## CORPORATE STRUCTURE AND HISTORY

A “Qualifying IPO” means:

- (a) an IPO and listing of the Shares on a stock exchange set forth on a list to be agreed to between our Company and the Strategic Investor prior to the commencement of the IPO process, provided that such listed stock exchanges will only include stock exchanges that provide post-IPO liquidity for the Shares held by the Strategic Investor (subject to any selling restrictions and requirements stipulated in applicable securities and corporate laws, rules and regulations governing such stock exchanges and all relevant securities regulators); and
- (b) the price per Share in the initial public offering will be such that the market value of the Shares held by the Strategic Investor at the time of the initial public offering (assuming the exchange of all Class B Shares for Shares, in the case of China Life) with reference to such price will be at least 1.3 times the Hong Kong dollar equivalent of the subscription price paid by the relevant Strategic Investor (using the closing exchange rate between the Hong Kong dollar and the Canadian dollar as quoted by Bloomberg on the Business Day immediately preceding the date of the Qualifying IPO).

Each of the Strategic Investors has confirmed that the Listing of our Company on the Stock Exchange constitutes a Qualifying IPO.

### **DIRECTORS, CHIEF EXECUTIVE AND OTHER SHAREHOLDERS**

The table on page 100 sets out the respective holdings of our Directors, Chief Executive and Other Shareholders. 5.53% of our Shares are held by our Directors and none of our Shares are held by our Chief Executive. 1,098,146,940 of our Shares, equal to 57.67% of our issued and outstanding Shares at the Latest Practicable Date are held publicly by our senior management, employees, consultants, Canadian company secretary and private investors. Further, 55.07% of our issued and outstanding Shares as at the Latest Practicable Date are held by 871 private investors, of which 24.9% of these are held by corporate investors and 75.1% are held by individual investors. Our individual investors primarily consist of third party investors resident in Canada that have invested in our Company pursuant to the private placements launched by our Company since 2007, as described on pages 97 and 98. None of these shareholders individually owns more than 5% of the Shares.

The number of Shares and proportional interest in our Company held by our Directors and Chief Executive as at both the Latest Practicable Date and immediately following completion of the Global Offering is set out in the section entitled “Statutory and General Information — C. Further Information About Our Directors, Management and Employees — 2. Disclosure of interests” in Appendix VI to this Prospectus. Further, a list of our substantial shareholders is set out in the section entitled “Statutory and General Information — C. Further Information about our Directors, Management and Employees — 3. Substantial Shareholders” in Appendix VI to this Prospectus.

## CORPORATE STRUCTURE AND HISTORY

### CANCELLATION OF THE WARRANTS

On 28 October 2011, we reached agreement with all of the Warrant holders to repurchase and cancel the Warrants. We agreed to terminate the Warrants for an aggregate sum of C\$68.9 million which was paid in full to the Warrant holders on 4 January 2012 in cash, upon which the Warrants were cancelled and extinguished in full. Since all Warrant holders are Shareholders of our Company, the difference between the fair value of the Warrants at the repurchase date and the repurchase consideration is adjusted to equity. We undertook to repurchase and cancel the Warrants in order to clean up our capital structure in advance of Listing and in order to comply with the *Interim Guidance on Pre-IPO Investments Pending Consultation On Possible Listing Rule Amendments* issued by the Listing Committee on 13 October 2010 (reproduced as HKEx Guidance Letter HKEx-GL29-12 on 16 January 2012).

During 2010 and 2011, we issued 8,666,310 Warrants to our Warrant holders. We issued 624,996 Fee Warrants exercisable at C\$6.00 between February and May 2010 and 1,084,711 Fee Warrants exercisable at C\$9.68 in February 2011 as compensation for the solicitation of investors in respect of certain fund raisings that we undertook. We also issued 6,956,603 Purchase Warrants exercisable at C\$8.00 between February and May 2010 in conjunction with a unit private placement that we undertook. A table summarising the Warrants that were outstanding prior to their repurchase and cancellation date, being 4 January 2012, is set out below.

Warrants	Purpose of Issue	Date of Issue	No. of Holders <sup>(2)</sup>	No. of Warrants	Percentage of the issued Shares of our Company as at 30 September 2011 <sup>(1)</sup>	Percentage of the issued Shares of our Company following completion of the Global Offering <sup>(3)</sup>
Fee Warrants						
exercisable at C\$6.00 . . . . .	Finder's fee commission	Feb – May 2010	2	624,996	0.58%	0.40%
Purchase Warrants exercisable at C\$8.00 . . . . .	Part of a private placement of Units	Feb – May 2010	43	6,956,603	6.44%	4.49%
Fee Warrants						
exercisable at C\$9.68 . . . . .	Finder's fee commission	Feb 2011	1	1,084,711	1.00%	0.70%
Total . . . . .	—	—	43	8,663,310	8.02%	5.59%

*Notes:*

- (1) This represents a percentage of our Warrants plus our Shares, Class B Shares, Class G Shares and Class H Shares in issue as at 30 September 2011 (being a total of 107,998,587 shares and Warrants) and assumes that the exercise of the Warrants would be satisfied by the issuance of Shares.
- (2) Represents the total number of different holders of Warrants.
- (3) This represents a percentage of our Warrants, Shares, Class G Shares and Class H Shares issued and outstanding as at the date of completion of the Global Offering (which would be a total of 3,100,527,635 shares and Warrants, assuming that the Warrants were subject to the 20-for-1 share split), and assuming that the Orient Shares are issued on the Listing Date and excluding the Excluded Shares.

In order to ensure compliance with the Listing Rules and the Interim Guidance, our Board concluded that it was necessary and in the best interests of our Company to repurchase and cancel the Warrants to facilitate our Listing. Our Board consulted with the Warrant holders and sought their

## CORPORATE STRUCTURE AND HISTORY

agreement to repurchase and cancel the Warrants in exchange for cash compensation. The compensation sum was arrived at after arms length negotiations between the parties and was confirmed by an independent committee consisting of Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson that was established in August 2011 to assess the compensation value to be paid for the Warrants and to provide a recommendation to the Board on this sum. The independent committee considered the matter and referred to market information in making its evaluation.

We reached an agreement with all Warrant holders on 28 October 2011 and executed agreements for the repurchase and cancellation of all Warrants with each of the Warrant holders. All of the Warrants were repurchased and cancelled for an aggregate cash payment to them of C\$68.9 million on 4 January 2012. For further information, please refer to the section entitled “Statutory and General Information — B. Future Information About Our Business — 1. Summary of Material Contracts” in Appendix VI to this Prospectus.