

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company and registration under Part 16 of the Companies Ordinance

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 September 2014.

Our Company was duly registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 31 December 2014. Our principal place of business in Hong Kong for the purpose of registration under Part 16 of the Companies Ordinance is at 7th Floor, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong. In compliance with the requirements of the Companies Ordinance, Ms. Glendy Choi has been appointed as the agent for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the relevant laws and regulations of the Cayman Islands and to its constitution which comprises the Memorandum of Association and the Articles of Association. A summary of certain parts of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in the authorised and issued share capital of our Company

- (a) As at the date of incorporation of our Company on 11 September 2014, its authorised share capital was HK\$10,000 divided into 1,000,000 Shares with a par value of HK\$0.01 each. On 11 September 2014, one subscriber’s Share was allotted and issued for cash at par to the subscriber. On the same day, such subscriber’s Share was transferred to BVI-Prima DG.
- (b) On 11 September 2014, our Company allotted and issued at par an aggregate of 7,199,300, 200 and 200 fully-paid Shares to BVI-Prima DG, BVI-Zacks Vroom, BVI-Fair Silver and BVI-Denmike, respectively.
- (c) Pursuant to the resolutions of our Board dated 31 December 2014, our Company allotted and issued an aggregate of 300 fully-paid Shares to BVI-Wonderful, 100 fully-paid Shares to BVI-DY and 100 fully-paid Shares to BVI-Decai at a consideration of RMB4,680,000, RMB1,560,000 and RMB1,560,000, respectively.
- (d) Pursuant to the resolutions passed by our Shareholders on [●] 2015, the authorised share capital of our Company was increased from HK\$10,000 to HK\$[20,000,000] by the creation of [1,999,000,000] Shares to rank pari passu with the then existing Shares in all respects.
- (e) Pursuant to the resolutions passed by our Shareholders on [●] 2015, an aggregate of [377,991,600] Shares will be allotted and issued on the Listing Date under the Capitalisation Issue to the holders of the Shares whose names appear on the register of members of our Company as at the date of this document.

- (f) Pursuant to the resolutions of our Board dated [●] 2015, our Company will allot and issue an aggregate of [52,260,000] and [19,740,000] fully-paid Shares to Regal Sky and BVI-Prima DG respectively on the Listing Date in full repayment of the Prima DG Shareholder's Loan, the HK\$1.4M Loan and the Diamond Strong Loan.

Immediately following completion of the [REDACTED], capitalisation of the Loans and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the [REDACTED] or any options which may be granted under the Share Option Scheme, [REDACTED] Shares will be issued fully paid or credited as fully paid and [REDACTED] Shares will remain unissued.

Other than pursuant to the options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing passed by our Shareholders on [●] 2015

Pursuant to the written resolutions passed by our Shareholders on [●] 2015, among others:

- (a) the authorised share capital of our Company was increased from HK\$10,000 to HK\$[20,000,000] by the creation of [1,999,000,000] Shares to rank pari passu with the then existing Shares in all respects;
- (b) our Company approved and conditionally adopted the Articles of Association which will become effective on the Listing Date;
- (c) conditional on the share premium account of our Company being credited as a result of the [REDACTED], the Capitalisation Issue was approved, and our Directors were authorised to capitalise and apply an aggregate amount of HK\$[REDACTED] standing to the credit of our Company's share premium, to pay up in full at par [377,991,600] Shares for allotment and issuance to the holders of Shares whose names appear on the register of members of our Company as at [●] 2015, each ranking pari passu in all respects with the then existing issued Shares and the Shares to be issued pursuant to the Capitalisation of the Loans, and our Directors were authorised to give effect to such capitalisation;
- (d) our Directors were authorised to capitalise in full the Prima DG Shareholder's Loan, the HK\$1.4M Loan and the Diamond Strong Loan due from our Company to BVI-Prima DG by the allotment and issue of [REDACTED] Shares to Regal Sky and [REDACTED] Shares to BVI-Prima DG on the Listing Date, each ranking pari passu in all respects with the existing issued Shares and the Shares to be issued pursuant to the Capitalisation Issue, and our Directors were authorised to give effect to such capitalisation;

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- (e) conditional on (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares in issue and to be issued as mentioned in this document, and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this document:
- (i) the [REDACTED] and the [REDACTED] were approved and our Directors were authorised to allot and issue the [REDACTED] and the Shares as may be required to be allotted and issued if the [REDACTED] is exercised;
- (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Other Information – 16. Share Option Scheme" of this Appendix, were approved and adopted and that our Directors were authorised to implement the same, to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme;
- (f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or to grant securities which would or might require Shares to be allotted and issued), otherwise than by way of rights issue, or scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or grant of options under the Share Option Scheme, or which have may be granted under the Share Option Scheme, or any other share option scheme or similar arrangement for the time being adopted, or any issue of Shares upon exercise of rights of subscription or conversion attaching to warrants of our Company of any securities (if any) which are convertible into Shares, or under the [REDACTED] or the exercise of the [REDACTED], or pursuant to a specific authority granted by the Shareholders in general meeting, Shares with an aggregate nominal amount of not exceeding the sum of:
- (i) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the [REDACTED] (excluding the Shares which may be issued pursuant to the exercise of the [REDACTED] or the exercise of any options that may be granted under the Share Option Scheme); and
- (ii) the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (f) below,

until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders of our Company revoking or varying the authority given to our Directors, whichever occurs first;

- (g) a general unconditional mandate (“**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange and/or on any other stock exchange on which the securities of our Company are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following completion of the [REDACTED] (excluding the Shares which may be issued pursuant to the exercise of the [REDACTED] or that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (h) the general unconditional mandate granted to our Directors pursuant to paragraph (e) above be extended by the aggregate nominal value of share capital of our Company repurchased pursuant to the Repurchase Mandate.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group’s structure in preparation for the Listing. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure” in this document.

5. Changes in the share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountants’ Report, the text of which is set out in Appendix I to this document. Save as disclosed below and in the section headed “History, Reorganisation and Corporate Structure” in this document, no other alteration in the share capital of each of our Company’s subsidiaries took place within two years immediately preceding the date of this document.

Rich Benefit

At the date of incorporation on 23 May 2014, Rich Benefit was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were issued on 25 June 2014.

BW Enterprise

As part of the Reorganisation, on 1 December 2014, BW Enterprise allotted and issued one fully-paid ordinary share and bought-back an aggregate of 30,000,000 fully-paid ordinary shares which were then cancelled on the same day. After the share buy-back on 2 December 2014, the share capital of BW Enterprise became HK\$30,000,000 comprising one fully-paid ordinary share.

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Zacks Vroom

As part of the Reorganisation, on 1 December 2014, Zacks Vroom allotted and issued one fully-paid ordinary share and bought-back an aggregate of 3,730,000 fully-paid ordinary shares which were then cancelled on the same day. After the share buy-back on 2 December 2014, the share capital of Zacks Vroom became HK\$3,730,000 comprising one fully-paid ordinary share.

Well Silver

As part of the Reorganisation, on 2 December 2014, Well Silver allotted and issued one fully-paid ordinary share and bought-back an aggregate of 12,100,000 fully-paid ordinary shares which were then cancelled on the same day. After the share buy-back on 4 December 2014, the share capital of Well Silver became HK\$12,100,000 comprising one fully-paid ordinary share.

Denmike

As part of the Reorganisation, on 1 December 2014, Denmike allotted and issued one fully-paid ordinary share and bought-back an aggregate of 2,480,000 fully-paid ordinary shares which were then cancelled on the same day. After the share buy-back on 2 December 2014, the share capital of Denmike became HK\$2,480,000 comprising one fully-paid ordinary share.

DGHK

As at the date of incorporation on 7 July 2014, DGHK had a share capital of HK\$1,000 comprising 1,000 ordinary shares. All the 1,000 ordinary shares were issued on the same day.

6. Repurchase by our Company of its own securities

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

(a) Sources of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing 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.

Under Cayman Islands law, any repurchases by the Company may be made out of profits of the Company or out of the sum standing to the credit of the share premium account of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by its Articles of Association and subject to the Companies Law,

out of capital and, in case of any premium payable on the repurchase out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by its Articles of Association and subject to the Companies Law, out of capital.

(b) Reasons for repurchases

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

(c) Exercise of the Repurchase Mandate

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following the Listing, could result in up to [REDACTED] Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

On the basis of the current financial position of the Group as disclosed in this document and taking into account the current working capital position of the Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, there might be a material adverse impact on the working capital and/or gearing positions of the Group (as compared with the positions disclosed in this document). However, our 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 of the Group or the gearing levels which, in the opinion of our Directors are from time to time appropriate for the Group.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, currently intends to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is exercised.

Our 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 Memorandum and Articles and the applicable laws of the Cayman Islands.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event the Repurchase Mandate is exercised.

If, as a result of a repurchase of securities, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning of the Takeover Code), could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeover Code as a consequence of any repurchase made pursuant to the Repurchase Mandate immediately after Listing.

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

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

8. Summary of material contracts

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

- (a) an equity transfer agreement dated 30 August 2014 and entered into between DGHK and Ping’an Caizhi pursuant to which DGHK agreed to purchase and Ping’an Caizhi agreed to sell the 4% equity interests in Langfang D&G held by Ping’an Caizhi at a consideration of RMB28,889,425;
- (b) an equity transfer agreement dated 30 August 2014 and entered into between DGHK and Boyongjin LP pursuant to which DGHK agreed to purchase and Boyongjin LP agreed to sell the 4% equity interests in Langfang D&G held by Boyongjin LP at a consideration of RMB28,889,425;
- (c) an equity transfer agreement dated 30 August 2014 and entered into between DGHK and Zhongshen LP pursuant to which DGHK agreed to purchase and Zhongshen LP agreed to sell the 4% equity interests in Langfang D&G held by Zhongshen LP at a consideration of RMB29,185,482.41;
- (d) an equity transfer agreement dated 30 August 2014 and entered into between DGHK and Shengbang Huimin pursuant to which DGHK agreed to purchase and Shengbang Huimin agreed to sell the 2% equity interests in Langfang D&G held by Shengbang Huimin at a consideration of RMB14,505,827;
- (e) an equity transfer agreement dated 15 September 2014 and entered into between DGHK and Anxin LP pursuant to which DGHK agreed to purchase and Anxin LP agreed to sell the 2% equity interests in Langfang D&G held by Anxin LP at a consideration of RMB14,422,142;
- (f) four instruments of transfer each dated 22 September 2014 in respect of the sale by the Choi Family Founders and the purchase by our Company of the 100 shares with a par value of US\$1.00 each representing the entire issued share capital of Rich Benefit for an aggregate consideration of US\$4.00;

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- (g) a shareholder's loan agreement dated 10 October 2014 and entered into between BVI-Prima DG and our Company pursuant to which BVI-Prima DG agreed to advance the Prima DG Shareholder's Loan to our Company;
- (h) an investor's rights agreement dated 3 November 2014 and entered into among our Controlling Shareholders, our Company and Regal Sky which sets out certain rights and obligations of the parties in relation to the management of our Company;
- (i) a share charge dated 3 November 2014 and entered into between our Company and Regal Sky in respect of the charge over the entire issued share capital of Rich Benefit;
- (j) a shareholder's loan agreement dated 18 November 2014 and entered into between BVI-Prima DG and our Company pursuant to which BVI-Prima DG agreed to advance the HK\$1.4M Loan to our Company;
- (k) an equity transfer agreement dated 25 November 2014 and entered into between BW Enterprise and Diamond Strong pursuant to which BW Enterprise agreed to purchase and Diamond Strong agreed to sell the 29.06% equity interests in Langfang D&G held by Diamond Strong at a consideration of RMB45,333,600;
- (l) an equity transfer agreement dated 25 November 2014 and entered into between BW Enterprise and Wengdefeng LP pursuant to which BW Enterprise agreed to purchase and Wengdefeng LP agreed to sell the 3% equity interests in Langfang D&G held by Wengdefeng LP at a consideration of RMB4,680,000;
- (m) an equity transfer agreement dated 25 November 2014 and entered into between BW Enterprise and Langfang Deying pursuant to which BW Enterprise agreed to purchase and Langfang Deying agreed to sell the 1% equity interests in Langfang D&G held by Langfang Deying at a consideration of RMB1,560,000;
- (n) an equity transfer agreement dated 25 November 2014 and entered into between BW Enterprise and Langfang Decai pursuant to which BW Enterprise agreed to purchase and Langfang Decai agreed to sell the 1% equity interests in Langfang D&G held by Langfang Decai at a consideration of RMB1,560,000;
- (o) an equity transfer agreement dated 30 November 2014 and entered into between Langfang D&G and Beijing Weilifei pursuant to which Langfang D&G agreed to sell and Beijing Weilifei agreed to purchase the entire equity interests in Beijing D&G at a consideration of RMB31,716,700;
- (p) a share buy-back agreement dated 1 December 2014 and entered into between Mr. Choi and BW Enterprise pursuant to which BW Enterprise agreed to buy-back from Mr. Choi the 12,000,000 shares of BW Enterprise held by Mr. Choi at a consideration of HK\$1.00;

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- (q) a share buy-back agreement dated 1 December 2014 and entered into between Ms. Tin and BW Enterprise pursuant to which BW Enterprise agreed to buy-back from Ms. Tin the 6,000,000 shares of BW Enterprise held by Ms. Tin at a consideration of HK\$1.00;
- (r) a share buy-back agreement dated 1 December 2014 and entered into between Mr. Derek Choi and BW Enterprise pursuant to which BW Enterprise agreed to buy-back from Mr. Derek Choi the 6,000,000 shares of BW Enterprise held by Mr. Derek Choi at a consideration of HK\$1.00;
- (s) a share buy-back agreement dated 1 December 2014 and entered into between Ms. Glendy Choi and BW Enterprise pursuant to which BW Enterprise agreed to buy-back from Ms. Glendy Choi the 6,000,000 shares of BW Enterprise held by Ms. Glendy Choi at a consideration of HK\$1.00;
- (t) a share buy-back agreement dated 1 December 2014 and entered into between Mr. Liu Tom Jing-zhi and Zacks Vroom pursuant to which Zacks Vroom agreed to buy-back from Mr. Liu Tom Jing-zhi the 3,730,000 shares of Zacks Vroom held by Mr. Liu Tom Jing-zhi at an aggregate consideration of HK\$1.00;
- (u) a share buy-back agreement dated 1 December 2014 and entered into between the Mr. Lao Kam Chi and Denmike pursuant to which Denmike agreed to buy-back from Mr. Lao Kam Chi the 2,480,000 shares of Denmike held by Mr. Lao Kam Chi at an aggregate consideration of HK\$1.00;
- (v) a share buy-back agreement dated 2 December 2014 and entered into between Mr. Chan Hak and Well Silver pursuant to which Well Silver agreed to buy-back from Mr. Chan Hak the 12,100,000 shares of Well Silver held by Mr. Chan Hak at an aggregate consideration of HK\$1.00;
- (w) an asset transfer agreement dated 9 December 2014 and entered into between Langfang D&G and Beijing D&G pursuant to which Langfang D&G agreed to purchase and Beijing D&G agreed to sell certain assets and liabilities of Beijing D&G including the machineries and inventories in relation to the electronic control room facilities of Beijing D&G at their net book value of RMB15,247,063.16;
- (x) an intellectual property transfer agreement dated 2 January 2015 and entered into between Beijing D&G and Langfang D&G pursuant to which Beijing D&G agreed to sell and Langfang D&G agreed to acquire the seven registered utility model patents of Beijing D&G at nil consideration;
- (y) an intellectual property transfer agreement dated 2 January 2015 and entered into between Beijing D&G and Langfang D&G pursuant to which Beijing D&G agreed to sell and Langfang D&G agreed to acquire the 12 computer software copyrights registered in the name of Beijing D&G at nil consideration;









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- (z) a shareholder’s loan agreement dated 7 January 2015 and entered into between BVI-Prima DG and our Company pursuant to which BVI-Prima DG agreed to advance the Diamond Strong Loan to our Company;
- (aa) a share charge dated [●] 2015 and entered into between Rich Benefit and Regal Sky in respect of the charge over the entire issued share capital of BW Enterprise;
- (bb) the Deed of Indemnity;
- (cc) the Deed of Non-Competition; and
- (dd) the Hong Kong Underwriting Agreement.

9. Intellectual property rights of our Group




(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we believe are material to our business:

No.	Trademark	Owner	Place of Registration	Class	Registration Number	Expiry Date
1.		Langfang D&G	PRC	35	3644402	20 June 2015
2.		Langfang D&G	European Union	7,35,37,40,42	004642039	15 September 2015
3.		Langfang D&G	PRC	37	3644401	27 October 2015
4.		Langfang D&G	PRC	7	3644383	13 December 2015
5.		Langfang D&G	PRC	7	3644384	13 December 2015
6.		Langfang D&G	PRC	7	4919873	20 September 2019
7.		Langfang D&G	PRC	7	6678649	27 March 2020
8.		Langfang D&G	PRC	37	6678647	13 April 2020

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No.	Trademark	Owner	Place of Registration	Class	Registration Number	Expiry Date
9.		Langfang D&G	European Union	7,35,37,40,42	009521147	15 November 2020
10.		Langfang D&G	PRC	7	1976185	20 January 2023
11.	D & G	Langfang D&G	PRC	7	1976187	20 January 2023
12.	D & G	Langfang D&G	PRC	37	1987631	27 February 2023
13.	德基	Langfang D&G	PRC	37	1987638	27 February 2023
14.	德基	Langfang D&G	PRC	7	2015346	27 February 2023
15.	D & G	Langfang D&G	PRC	35	1998645	27 February 2023
16.	德基	Langfang D&G	PRC	35	1998647	27 February 2023
17.		Langfang D&G	PRC	35	6678648	13 December 2023

As at the Latest Practicable Date, applications had been made for the registration of the following trademarks:

No.	Trademark	Applicant	Place of Registration	Class	Application Number
1		BW Enterprise	Hong Kong	7,35,37	303107619
2	D&G Machinery	Langfang D&G	European Union	7, 35, 37, 40, 42	013366232

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(b) Patents

As at the Latest Practicable Date, we were the registered owner of the following patents in the PRC:

No.	Patent	Type	Owner	Patent Number	Application Date	Period of Validity (No. of Years)
1	Inner circulation structure of industrial burner injector gun* (工業爐窑燃燒器噴油槍內循環結構)	Utility model	Langfang D&G	ZL 2011 2 0289063.5	10 August 2011	10
2	High-pressure air nozzle of industrial burner* (工業爐窑燃燒器內混式高壓空氣霧化噴嘴)	Utility model	Langfang D&G	ZL 2011 2 0288900.2	10 August 2011	10
3	A type of insulation used by asphalt mixing equipment* (一種瀝青攪拌設備所用的保溫體)	Utility model	Langfang D&G	ZL 2011 2 0289700.9	10 August 2011	10
4	Drying drum with recycling ring* (一種帶再生環的烘乾滾筒)	Utility model	Langfang D&G	ZL 2011 2 0288906.X	10 August 2011	10
5	Thermal recycling equipment of double drum mixing plant* (雙滾筒廠拌熱再生設備)	Utility model	Langfang D&G	ZL 2011 2 0289688.1	10 August 2011	10
6	Vibrating screener for asphalt mixing equipment* (瀝青混合料攪拌設備所用的震動篩)	Utility model	Langfang D&G	ZL 2011 2 0531206.9	19 December 2011	10
7	Drying drum used for asphalt mixture* (瀝青混合料攪拌設備所用的烘乾滾筒)	Utility model	Langfang D&G	ZL 2011 2 0531208.8	19 December 2011	10
8	Conveyors for folding and transporting mixture* (折疊式成品料輸送裝置)	Utility model	Langfang D&G	ZL 2012 2 0223542.1	17 May 2012	10
9	Low-speed rotary encoder support mount* (低速轉動編碼器的安裝支架)	Utility model	Langfang D&G	ZL 2012 2 0222965.1	17 May 2012	10
10	Flip maintenance platform for folding fence* (帶折疊護欄的翻轉檢修平台)	Utility model	Langfang D&G	ZL 2012 2 0223541.7	17 May 2012	10
11	Integrated industrial furnace burners* (一體式工業爐窑燃燒器)	Utility model	Langfang D&G	ZL 2012 2 0222116.6	17 May 2012	10
12	An intermittent asphalt mixing equipment for non-vibrating screener mixture warehouse* (無振動篩成品倉的間歇式瀝青混合料攪拌設備)	Utility model	Langfang D&G	ZL 2012 2 0222231.3	17 May 2012	10

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No.	Patent	Type	Owner	Patent Number	Application Date	Period of Validity (No. of Years)
13	Biaxial continuous mixing pot* (連續式雙軸攪拌鍋)	Utility model	Langfang D&G	ZL 2012 2 0222117.0	17 May 2012	10
14	Vibration amplitude detector of multi-point continuous online mixing screener* (多點連續式在綫振動篩振幅檢測儀)	Utility model	Langfang D&G	ZL 2012 2 0222232.8	17 May 2012	10
15	A reclaimed asphalt mixing method* (一種再生瀝青混合料的攪拌方法)	Invention	Langfang D&G	ZL 2012 1 0154088.3	17 May 2012	20
16	A asphalt mixing manufacturing method* (一種製造瀝青攪拌設備的方法)	Invention	Langfang D&G	ZL 2012 1 0257818.2	24 July 2012	20
17	Continuous online detector for liquid with high viscosity* (高粘度液體液位連續在綫檢測儀)	Utility model	Langfang D&G	ZL 2012 2 0360970.9	25 July 2012	10
18	A cracking equipment for recycling asphalt mixing materials* (一種瀝青回收混合料的破碎設備)	Utility model	Langfang D&G	ZL 2012 2 0403237.0	14 August 2012	10
19	Multi-layer bag for duster* (多層布袋式除塵器)	Utility model	Langfang D&G	ZL 2012 2 0641452.4	29 November 2012	10
20	An energy saving mixture transport system* (一種節能型成品料輸送系統)	Utility model	Langfang D&G	ZL 2012 2 0652737.8	29 November 2012	10
21	Measurable liquid additives adding equipment* (可計量的液體添加劑添加裝置)	Utility model	Langfang D&G	ZL 2012 2 0661445.0	4 December 2012	10
22	Heavy crude oil spray gun* (可排空式重油噴槍)	Utility model	Langfang D&G	ZL 2012 2 0673878.8	10 December 2012	10
23	Drying drum of an asphalt mixing equipment* (一種瀝青混合料攪拌設備所用的 乾燥筒)	Utility model	Langfang D&G	ZL 2012 2 0695657.0	14 December 2012	10
24	Mini multi-level screener environmental asphalt mixing equipment* (小機型多級篩分環保瀝青攪拌設備)	Utility model	Langfang D&G	ZL 2013 2 0306062.6	30 May 2013	10
25	Automatic cool and warm blowing convertor* (自動清吹型熱交換器)	Utility model	Langfang D&G	ZL 2013 2 0303689.6	30 May 2013	10
26	New hot drying drum for asphalt recycle* (新型舊瀝青回收料再生加熱烘乾滾筒)	Utility model	Langfang D&G	ZL 2013 2 0433898.2	19 July 2013	10

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No.	Patent	Type	Owner	Patent Number	Application Date	Period of Validity (No. of Years)
27	A forced intermittent special mixing equipment for renewable asphalt* (一種強制間歇式瀝青合料再生專用攪拌設備)	Utility model	Langfang D&G	ZL 2014 2 0075123.7	20 February 2014	10
28	An intermittent asphalt foaming system* (一種間歇式瀝青發泡裝置)	Utility model	Langfang D&G	ZL 2014 2 0083736.5	26 February 2014	10
29	An energy saving mixture transport system* (一種節能型成品料輸送系統)	Invention	Langfang D&G	ZL 2012 1 0504418.7	29 November 2012	20
30	An intermittent asphalt concrete mixing equipment distribution control system* (一種間歇式瀝青混凝土攪拌設備分佈式控制系統)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0300965.8	9 June 2014	10
31	An intermittent asphalt concrete mixing equipment electric control testing system* (一種間歇式瀝青攪拌設備電控系統測試台)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0300962.4	9 June 2014	10
32	A windlass double cycle control system* (一種捲揚機雙閉環控制系統)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0300963.9	9 June 2014	10
33	A computer control system for asphalt concrete mixing equipment* (一種瀝青混凝土攪拌設備電腦人機界面冗餘控制系統)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0304379.0	10 June 2014	10
34	An intermittent asphalt concrete mixing equipment automatic dust control system* (一種瀝青混凝土攪拌設備負壓自動控制系統)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0304378.6	10 June 2014	10
35	An intermittent asphalt concrete mixing equipment remote service system* (一種瀝青攪拌站遠程網絡服務系統)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0304376.7	10 June 2014	10
36	An asphalt concrete mixing simulation system* (一種瀝青混凝土攪拌設備模擬演示系統)	Utility model	Beijing D&G ^{Note}	ZL 2014 2 0304377.1	10 June 2014	10

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Note: Langfang D&G and Beijing D&G entered into an intellectual property transfer agreement on 2 January 2015, pursuant to which Beijing D&G agreed to transfer all of its seven registered utility model patents to Langfang D&G at nil consideration. As at the Latest Practicable Date, we were in the process of registering the transfers of such utility model patents with the PRC State Intellectual Property Office. We expect to complete such registrations before Listing. Our PRC Legal Adviser has confirmed that there will not be any material legal impediment to the aforementioned transfers.

As at the Latest Practicable Date, applications have been made for the registration of the following patents in the PRC:

<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Owner</u>	<u>Patent Number</u>	<u>Application Date</u>
1	A forced intermittent special mixing equipment for renewable asphalt* (一種強制間歇式瀝青混合料再生專用攪拌設備)	Invention	Langfang D&G	201410059099.2	20 February 2014
2	An intermittent asphalt foaming system* (一種間歇式瀝青發泡裝置)	Invention	Langfang D&G	201410066319.4	26 February 2014
3	Gas, oil and coal multi-fuel burner* (油汽煤多用燃燒器一體機)	Utility model	Langfang D&G	201420501155.9	2 September 2014
4	Organic frustum boiler with three-rounded horizontal heater* (爐體加熱三回程臥式有機熱截體鍋爐)	Utility model	Langfang D&G	201420502668.1	2 September 2014
5	New form of liquid transport and heat retention pipe* (液體輸送保溫管道新形式)	Utility model	Langfang D&G	201420596033.2	15 October 2014

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(c) Computer Software Copyright

As at the Latest Practicable Date, we had registered the copyrights of following computer softwares which we believe are material to our business. Under the Regulation on Computer Software Protection Regulations in the PRC* (《計算機軟件保護條例》), the copyright of a computer software owned by a corporate entity is protected in the PRC for a period starting from the date of completion until 31 December of the 50th anniversary of the date of first publication. The copyright protection will expire if a computer software is not published within 50 years of its date of completion.

No.	Name of software	Registered owner	Registration No.	Completion Date	First Publication Date
1	Granulator control system V1.0* (制粒機控制系統V1.0)	Langfang D&G	2011SR008006	8 May 2010	Unpublished
2	Multi-position sliding trolley control system V1.0 for mixture warehouse* (多倉位成品倉橫移小車控制系統V1.0)	Langfang D&G	2011SR008031	8 September 2010	Unpublished
3	300 tonnes mixture warehouse trolley transportation control system V1.0* (300噸成品倉小車運輸控制系統V1.0)	Langfang D&G	2011SR018782	18 March 2010	Unpublished
4	D&G dust control software V1.0* (德基除塵器控制軟件V1.0)	Langfang D&G	2011SR018783	12 August 2009	Unpublished
5	D&G drying temperature automatic control system V1.0* (德基乾燥溫度自調控制軟件V1.0)	Langfang D&G	2011SR019206	10 June 2009	Unpublished
6	D&G simulation data recording control software V1.0* (德基模擬試驗台數據記錄控制軟件V1.0)	Langfang D&G	2011SR019101	20 November 2009	Unpublished
7	Warehouse goods stacking transfer control software V1.0* (庫房貨物堆放轉移控制軟件V1.0)	Langfang D&G	2011SR019096	16 December 2009	Unpublished
8	D&G warehouse material in-and-out mechanical electric control system V1.0* (德基倉儲進料出料電機控制軟件V1.0)	Langfang D&G	2011SR019208	13 April 2010	Unpublished
9	D&G material mixing control software V1.0* (德基拌鍋料攪拌控制軟件V1.0)	Langfang D&G	2011SR020362	18 March 2010	Unpublished

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No.	Name of software	Registered owner	Registration No.	Completion Date	First Publication Date
10	D&G laboratory data acquisition and analysis system V1.0* (德基實驗室數據采集分析系統V1.0)	Langfang D&G	2011SR020755	9 February 2010	Unpublished
11	Asphalt concrete mixing equipment computer monitoring system V1.0* (瀝青混凝土攪拌設備計算機監控系統V1.0)	Langfang D&G <i>(Note)</i>	2010SR059726	21 December 2007	21 December 2007
12	Asphalt concrete mixing equipment calculation control system V1.0* (瀝青混凝土攪拌設備計量控制系統V1.0)	Langfang D&G <i>(Note)</i>	2010SR059728	28 December 2007	28 December 2007
13	Asphalt concrete mixing equipment windlass control system V1.0* (瀝青混凝土攪拌設備捲揚機控制系統V1.0)	Langfang D&G <i>(Note)</i>	2010SR059727	28 December 2009	28 December 2009
14	Asphalt concrete mixing equipment burner control system V1.0* (瀝青混凝土攪拌設備燃燒器控制系統V1.0)	Langfang D&G <i>(Note)</i>	2010SR059731	28 December 2009	28 December 2009
15	Asphalt concrete mixing equipment cold material warehouse primary configuration control system V1.0* (瀝青混凝土攪拌設備冷料倉初級配置控制系統V1.0)	Langfang D&G <i>(Note)</i>	2010SR059732	28 December 2009	28 December 2009
16	Asphalt concrete mixing equipment pre-demonstration system V1.0* (瀝青混凝土攪拌設備模擬演示系統V1.0)	Langfang D&G <i>(Note)</i>	2010SR059733	28 December 2008	29 December 2008
17	Asphalt mixing Siemens S5PLC upgrade system (“ S5 upgrade system ”) V1.0* (瀝青攪拌站西門子S5PLC升級系統 (“ S5升級系統 ”) V1.0)	Langfang D&G <i>(Note)</i>	2012SR113210	10 September 2010	30 September 2010
18	Mixture warehouse weight control system V1.0* (成品倉稱重控制系統V1.0)	Langfang D&G <i>(Note)</i>	2012SR113205	20 December 2010	30 December 2010

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<u>No.</u>	<u>Name of software</u>	<u>Registered owner</u>	<u>Registration No.</u>	<u>Completion Date</u>	<u>First Publication Date</u>
19	Intermittent asphalt mixing drying drum testing system V1.0* (間歇式瀝青攪拌站乾燥筒測試系統V1.0)	Langfang D&G ^(Note)	2012SR113224	22 May 2011	2 February 2012
20	Intermittent asphalt mixing vibration screener testing system V1.0* (間歇式瀝青攪拌站振篩測試系統V1.0)	Langfang D&G ^(Note)	2012SR113219	15 August 2011	13 April 2012
21	Asphalt concrete remote internet service system (“ Remote internet service system ”) V1.0* (瀝青攪拌站遠程網絡服務系統 (“遠程網絡服務系統”) V1.0)	Langfang D&G ^(Note)	2012SR113178	11 June 2012	16 August 2012
22	Intermittent asphalt stirring electrical cabinet testing system (“ Electrical cabinet testing system ”) V1.0* (間歇式瀝青攪拌站電控櫃測試系統 (“電控櫃測試系統”) V1.0)	Langfang D&G ^(Note)	2012SR113608	21 August 2012	13 September 2012

Note: Pursuant to an intellectual property transfer agreement dated 2 January 2015 and entered into between Langfang D&G and Beijing D&G, Langfang D&G acquired from Beijing D&G 12 computer software copyrights formerly registered in the name of Beijing D&G at nil consideration. The acquisitions were legally and properly completed on the same day. As at the Latest Practicable Date, we were in the process of registering the change of name of such computer software copyrights with the Copyright Protection Center of China. We expect to complete such registrations before Listing. Our PRC Legal Adviser has confirmed that the registration is an administrative procedure and will not affect our title to the software copyrights and that there will not be any material legal impediment to the aforementioned registrations.

(d) *Domain Names*

As at the Latest Practicable Date, we had registered the following domain names which we believe are material to our business:

<u>Registrant</u>	<u>Domain Names</u>	<u>Expiry Date</u>
The Company	dgtechnology.com	23 November 2015
The Company	dgmachinery.net	10 July 2018
The Company	dgmachinery.com	22 August 2019

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to our Group’s business.

FURTHER INFORMATION ABOUT OUR DIRECTORS

10. Particulars of service contracts

Each of our executive Directors, non-executive Director and independent non-executive Directors [has entered] into a service contract with our Company pursuant to which each of them has agreed to act as Director for a fixed term of three years commencing from the Listing Date unless terminated by either party thereto giving not less than three months' prior written notice.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries other than agreements expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

11. Directors' remuneration

Remuneration of approximately RMB1.1 million, RMB1.1 million and RMB0.9 million in aggregate were paid by our Group to our Directors in respect of each of the two years ended 31 December 2012 and 2013 and the nine months ended September 2014.

Under the current arrangements, it is expected that our Directors will be entitled to receive an aggregate remuneration of approximately HK\$5.8 million (equivalent to approximately RMB4.6 million), for the year ending 31 December 2015, excluding the discretionary bonuses payable to the executive Directors.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 December 2012 and 2013 and the nine months ended September 2014 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any members of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any remuneration for each of the two years ended 31 December 2012 and 2013 and the nine months ended September 2014.

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12. Disclosure of interests

(a) *Interests and short positions of Directors in the share capital of our Company and its associated corporations*

So far as our Directors are aware, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and taking no account of any Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive of our Company in the Shares or underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to our Company and the Stock Exchange once the Shares are listed, will be as follows:

Name of Director	Name of the Group member/associated corporation	Capacity	Number and class of securities (L) ^(Note 1)	Approximate percentage of shareholding in the same class of securities of the relevant company
Mr. Choi	our Company	Interest in controlled corporation ^(Note 2)	[REDACTED]	[REDACTED]
	BVI-Prima DG ^(Note 3)	Beneficial owner	[REDACTED]	[REDACTED]
		Interest of spouse ^(Note 4)	[REDACTED]	[REDACTED]
Mr. Liu Tom Jing-zhi ^(Note 5)	our Company	Interest in controlled corporation	[REDACTED]	[REDACTED]
Mr. Lao Kam Chi ^(Note 6)	our Company	Interest in controlled corporation	[REDACTED]	[REDACTED]

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Name of Director	Name of the Group member/associated corporation	Capacity	Number and class of securities (L) ^(Note 1)	Approximate percentage of shareholding in the same class of securities of the relevant company
Mr. Yu ^(Note 7)	our Company	Interest in controlled corporation	[REDACTED]	[REDACTED]
		Interests of parties to an agreement required to be disclosed under section 317 of the SFO	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]
Mr. Derek Choi	BVI-Prima DG ^(Note 3)	Beneficial owner	[REDACTED]	[REDACTED]
Ms. Glendy Choi	BVI-Prima DG ^(Note 3)	Beneficial owner	[REDACTED]	[REDACTED]

Notes:

- The letter “L” denotes the entity/person’s long position in the Shares or the shares in the share capital of the relevant associated corporation.
- Mr. Choi directly holds 40% of the issued share capital of BVI-Prima DG. BVI-Prima DG directly holds [REDACTED] the Shares in the issued share capital of our Company. BVI-Prima DG also entered into an agreement with each of (i) the 43 employee shareholders of BVI-DY; (ii) the 34 employee shareholders of BVI-Decai; and (iii) Mr. Yu, for advancing a loan to each of them for paying up the nil-paid shares in the Offshore Employee Holding Entities, respectively. The Offshore Employee Holding Entities in turn applied such capital to acquire the [REDACTED] of Shares in the issued share capital of our Company, respectively. BVI-Prima DG is deemed to be interested in all the Shares in which the Offshore Employee Holding Entities are interested by virtue of section 317 of the SFO. As Mr. Choi directly holds [REDACTED] of the issued share capital of BVI-Prima DG, Mr. Choi is deemed to be interested in all the Shares in which BVI-Prima DG is interested under the SFO.
- BVI-Prima DG is the holding company, and hence an associated corporation, of our Company under Part XV of the SFO.
- Ms. Tin directly holds 20% interests in BVI-Prima DG. Since Ms. Tin is the spouse of Mr. Choi, Mr. Choi is deemed to be interested in all the shares in BVI-Prima DG in which Ms. Tin is interested.
- These Shares are held by BVI-Zacks Vroom, which is directly held as to 100% by Mr. Liu Tom Jing-zhi. Accordingly, by virtue of the SFO, Mr. Liu Tom Jing-zhi is deemed to be interested in all the Shares held by BVI-Zacks Vroom.
- These Shares are held by BVI-Denmike, which is directly held as to 100% by Mr. Lao Kam-Chi. Accordingly, by virtue of the SFO, Mr. Lao Kam-Chi is deemed to be interested in all the Shares held by BVI-Denmike.

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7. Mr. Yu directly holds 100% of the issued share capital of BVI-Wonderful which in turn holds [REDACTED] of Shares in the issued share capital of our Company. Accordingly, by virtue of the SFO, Mr. Yu is deemed to be interested in all the Shares held by BVI-Wonderful. Mr. Yu entered into an agreement with BVI-Prima DG for the borrowing of a loan from BVI-Prima DG to pay up the nil-paid shares in BVI-Wonderful. BVI-Wonderful in turn applied such capital to acquire the [REDACTED] of Shares in the issued share capital of our Company. Mr. Yu is deemed to be interested in all the Shares in which BVI-Prima DG is interested by virtue of section 317 of the SFO.

Save as disclosed above, so far as our Directors are aware, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and taking no account of any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), none of our Directors and chief executive of our Company has any interests or short positions in the Shares or underlying Shares and debentures of our Company or its associated corporations which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to our Company and the Stock Exchange once the Shares are listed.

(b) *Substantial Shareholders and other interests discloseable under the SFO*

So far as is known to our Directors, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and taking no account of any Shares which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme), the following person (other than a Director or the chief executive of our Company) will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will 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 members of our Group or have any option in respect of such capital:

Name	Capacity	Number of Shares held (L) ^(Note 1)	Approximate percentage of shareholding in our Company
BVI-Prima DG ^(Note 2)	Beneficial owner	[REDACTED]	[REDACTED]
	Interests of parties to an agreement required to be disclosed under section 317 of the SFO	[REDACTED]	[REDACTED]
		<u>[REDACTED]</u>	<u>[REDACTED]</u>

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Name	Capacity	Number of Shares held (L) ^(Note 1)	Approximate percentage of shareholding in our Company
Ms. Tin ^(Note 3)	Interest of spouse	[REDACTED]	[REDACTED]
Each of the 43 employee shareholders of BVI-DY ^(Note 4)	Interests of parties to an agreement required to be disclosed under section 317 of the SFO	[REDACTED]	[REDACTED]
Each of the 34 employee shareholders of BVI-Decai ^(Note 5)	Interests of parties to an agreement required to be disclosed under section 317 of the SFO	[REDACTED]	[REDACTED]
Regal Sky	Beneficial owner	[REDACTED]	[REDACTED]

Note:

- The letter “L” denotes the entity/person’s long position in the Shares.
- BVI-Prima DG directly holds [REDACTED] of the issued share capital of the Company. BVI-Prima DG also entered into an agreement with each of (i) the 43 employee shareholders of BVI-DY; (ii) the 34 employee shareholders of BVI-Decai; and (iii) Mr. Yu, for advancing a loan to each of them for paying up the nil-paid shares in the Offshore Employee Holding Entities, respectively. The Offshore Employee Holding Entities in turn applied such capital to acquire the [REDACTED] and [REDACTED] of Shares in the issued share capital of our Company, respectively. BVI-Prima DG is deemed to be interested in all the Shares in which the Offshore Employee Holding Entities are interested by virtue of section 317 of the SFO.
- These Shares are held by BVI-Prima DG which is directly held as to 40% by Mr. Choi. Under the SFO, Mr. Choi is deemed to be interested in all the Shares held by BVI-Prima DG. Since Ms. Tin is the spouse of Mr. Choi, Ms. Tin is also deemed to be interested in the same number of Shares in which Mr. Choi is interested by virtue of the SFO.
- BVI-DY is wholly-owned by the following 43 employees of the Group: Chen Meiyun (陳美雲), Cao Wensheng (曹文聲), Chu Jindong (鉅金東), Guo Cheng (郭誠), Guo Shoushen (郭守慎), Guo Weiqun (郭維群), Hong Changbin (洪常斌), Li Chunsheng (李春生), Li Tong (李彤), Liu Xinping (劉新平), Wang Haijun (王海軍), Wang Naijun (王乃軍), Wang Wei (王威), Yang Xiaofeng (楊曉峰), You Lixin (游立新), Zeng Xianguang (曾憲廣), Zhou Shaofei (周紹飛), Zhou Xiang (周翔), Zhang Wenqiang (張文強), Lu Xiaofeng (盧曉峰), Zhao Xiongzhi (趙雄志), Liu Huixian (劉慧賢), Jiao Jie (焦潔), Guo Guangzhong (郭廣忠), Zhang Aijie (張愛傑), Hou Yinbo (侯印波), Hou Boxin (侯伯新), Hou Yinqi (侯印起), Bai Jinshan (白金山), Hao Hongliang (郝紅亮), Jia Li (賈莉), Xiao Guojun (肖國軍), Gao Zhijun (高志軍), Liu Qiaoxia (劉巧霞), Jiang Haijun (姜海軍), Zhao Xinli (趙欣麗), Tang Houyi (唐厚義), Wu Qiong (吳瓊), Du Ge (都戈), Liu Jinlong (劉金龍), Zhang Quanli (張全利), Hu Yanhong (胡雁鴻) and Cheng Wenqiu (成文秋).

BVI-DY holds [REDACTED] of Shares in the issued share capital of our Company. Each of the 43 employee shareholders of BVI-DY entered into an agreement with BVI-Prima DG for the borrowing of a loan from BVI-Prima DG to pay up the nil-paid shares in BVI-DY. BVI-DY in turn applied such aggregate capital to acquire the [REDACTED] of Shares in the issued share capital of our Company. Each of the 43 employee shareholders is deemed to be interested in all the Shares in which BVI-Prima DG and BVI-DY are interested by virtue of section 317 of the SFO.

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5. BVI-Decai is wholly-owned by the following 34 employees of the Group: Wang Weiqun (王為群), Zhou Wei (周偉), Wei Jianqiang (魏建強), Zhang Chunzheng (張春錚), Li Xinwu (李新武), Duan Yongchang (段永昌), Sui Chunliang (隋春亮), Yu Honglin (于洪林), Wang Quanling (王全玲), Hao Yanwei (郝豔偉), Yang Zhen (楊震), Kang Guang (康光), Zhang Shuai (張帥), Chen Qingsong (陳青松), Dong Zhengwen (董政雯), Chen Chengguang (陳城光), Peng Jiang (彭江), Ma Wenqiang (馬文強), Li Liulin (李柳林), Zhou Yicheng (周鈺成), Su Wenhua (蘇文華), Hu Zhenpeng (胡振鵬), Cao Wenbo (曹文波), Wang Yanguan (王燕關), Lu Jinbo (蘆金波), Zhang Jisheng (張吉生), Zhang Baohua (張保華), Bai Wenhai (白文海), Mu Guangya (穆光亞), Hou Guoling (侯國玲), Li Shumin (李樹民), Ma Lixin (馬立新), Li Zhonghua (李忠華) and Guan Xiangdong (關向東).

BVI-Decai holds [REDACTED] of Shares in the issued share capital of our Company. Each of the 34 employee shareholders of BVI-Decai entered into an agreement with BVI-Prima DG for the borrowing of a loan from BVI-Prima DG to pay up the nil-paid shares in BVI-Decai. BVI-Decai in turn applied such aggregate capital to acquire the [REDACTED] of Shares in the issued share capital of our Company. Each of the 34 employee shareholders is deemed to be interested in all the Shares in which BVI-Prima DG and BVI-Decai are interested by virtue of section 317 of the SFO.

Save as disclosed above, our Directors are not aware of any person (other than a Director or the chief executive of our Company) who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and taking no account of any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will 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 members of our Group or have any option in respect of such capital.

13. Agency fees or commissions received

Except as disclosed in the section headed “Underwriting” in this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

14. Related party transactions

During the two years immediately preceding the date of this document, our Group engaged in the related party transactions as mentioned in Note 26 of the Accountants’ Report set out in Appendix I to this document.

15. Disclaimers

Save as disclosed in this document:

- (i) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or upon the exercise of any option which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company had any interest or short position in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to our Company and the Stock Exchange once the Shares are listed on the Main Board;
- (ii) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or issued upon the exercise of any option which may be granted under the Share Option Scheme, so far as is known to our Directors, no person (not being a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will 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 members of our Group or have any option in respect of such capital immediately following completion of the [REDACTED];
- (iii) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Group and any of our Directors;
- (iv) none of our Directors or any persons referred to in the paragraph headed “Other Information – 24. Qualifications and consents of experts” 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 our Group, or are proposed to be acquired, disposed of by or leased to any member of our Group nor will any Director apply for Shares either in his own name or in the name of a nominee;
- (v) none of our Directors or any persons referred to in the paragraph headed “Other Information – 24. Qualifications and consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

- (vi) none of the persons referred to in the paragraph headed “Other Information – 24. Qualifications and consents of experts” in this Appendix has any shareholding in any member in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in our Group.

No option had been granted or agreed to be granted by our Company as at the Latest Practicable Date.

OTHER INFORMATION

16. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a resolution passed at the extraordinary general meeting of our Company on [●] 2015 and adopted by a resolution of our Board on [●] 2015. The terms of the Share Option Scheme are in accordance with the provisions under the Listing Rules. As at the Latest Practicable Date, no option has been granted pursuant to the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants (as defined in paragraph (b) below) to our Group by granting options to them as incentives or rewards.

Our Directors consider the Share Option Scheme will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Given that our Board is entitled to impose any conditions, restrictions or limitations as it may think fit when making an offer (“**Offer**”) on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(b) Who may join

Our Board may during the Scheme Period (as defined in paragraph (j) below) at its absolute discretion (subject to any conditions as it may think fit) Offer to grant options to subscribe for such number of Shares as our Board may determine at an option price determined in accordance with paragraph (c) below to the following persons (“**Eligible Participants**”):

- (i) any executive, employee, director (including non-executive director and independent non-executive director) of any member of our Group or any entity in which any member of our Group holds an equity interest (the “**Invested Entity**”);

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- (ii) any advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services, business or joint-venture partner of any member of our Group or any Invested Entity whom our Board in its sole discretion considers eligible for the Scheme on the basis of his or her contribution to our Group or the Invested Entity (as the case may be); and
 - (iii) any person whom our Board in its sole discretion considers has contributed or will contribute to our Group or to the Invested Entity (as the case may be).
- (c) *Subscription price*

The subscription price of a Share payable on the exercise of any particular option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, save that such price shall at least be the highest of:

- (i) the nominal value of the Shares;
- (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of Offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities (“**Business Day**”); and
- (iii) the average closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of Offer.

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

(d) *Acceptance of Offer*

HK\$1.00 is payable by an Eligible Participant on acceptance of an Offer of option. Any Offer of option may be accepted, in whole or in part, in a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and in writing received by any Director or the secretary of our Company until 5:00 p.m. on the date specified in the Offer provided that no such Offer shall be open for acceptance after the expiry of the Scheme Period (as defined in paragraph (j) below) or after the Share Option Scheme has been terminated in accordance with the rules thereof.

(e) *Maximum number of Shares in respect of which options may be granted*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other schemes of our Group must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (the “**Limit**”). Options which have lapsed in accordance with the terms of the Share Option Scheme (or any other schemes of our Group) will not be counted for the purpose of calculating the Limit.

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Subject to the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, our Company may refresh the Limit at any time provided that:

- (i) the Limit as refreshed does not exceed 10% of the Shares in issue as at the date of the approval by the refreshed Limit;
- (ii) the options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the Share Option Scheme or exercised options) will not be counted for the purpose of calculating the Limit as refreshed; and
- (iii) a circular containing the information and the disclaimer, respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be despatched to the Shareholders together with the notice of the relevant general meeting.

Our Company may also with the approval of Shareholders in general meeting grant options in respect of Shares in excess of the Limit (as refreshed from time to time) to Eligible Participants specifically identified by our Company before such approval is sought. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at anytime shall not exceed 30% of the Shares in issue from time to time. No Offer may be made under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded.

(f) Maximum entitlement of each Eligible Participant

The total number of Shares issued and which fall to be issued upon exercise of the options granted under the Share Option Scheme and any other schemes of our Group (including both exercised and outstanding options) to each Eligible Participant in any period of 12 consecutive months up to and including the date of grant of the options shall not exceed 1% of the Shares in issue as at the date of grant of the options.

Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company disclosing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) and the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

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- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting.

The number and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before the Shareholders' approval and the date of our Board meeting at which our Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant of the options for the purpose of calculating the subscription price of the Shares.

(g) Granting options to connected persons

Any grant of options to a director, chief executive (as defined in the Listing Rules) or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be an option holder).

If our Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) or any independent non-executive director of our Company or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company together with the notice of the relevant general meeting and the approval of the Shareholders in general meeting at which such proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting except that any such persons may vote against the relevant resolution at the general meeting provided that his intention to vote against the proposed grant has been stated in the Shareholders' circular referred to in the paragraph below, and/or such other requirements prescribed under the Listing Rules from time to time.

The Shareholders' circular referred to in the preceding paragraph shall contain the following information:

- (i) details of the number and terms (including the subscription price) of the options as required under Rules 17.03(5) to 17.03(10) of the Listing Rules to be granted to each Eligible Participant, which must be fixed before the

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Shareholders' meeting, and the date of meeting of our Board proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;

- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be an option holder) to the independent Shareholders as to voting;
 - (iii) information relating to any Directors who are trustees of the Scheme or have a direct or indirect interest in the trustees;
 - (iv) a statement in the form set out in paragraph 2 of Appendix I, Part B of the Listing Rules;
 - (v) a disclaimer required under Rule 17.02(4) of the Listing Rules;
 - (vi) information required under Rule 2.17 of the Listing Rules; and
 - (vii) any other information as required by the Stock Exchange.
- (h) *Restrictions on the times of grant of options*

For so long as the Shares are listed on the Stock Exchange,

- (i) no Offer shall be made after any inside information has come to the knowledge of our Company until such inside information has been published in accordance with the requirements of the Listing Rules. In particular, no Offer may be made during the period commencing one month immediately preceding the earlier of:
 - (A) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (B) the deadline for our 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 publication of the results announcement; and
- (ii) the Directors must not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(i) *Rights are personal to option holder*

An option is personal to the option holder. No option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any options, except for the transmission of an option on the death of the option holder to his personal representative(s).

(j) *Exercise period and duration of the Share Option Scheme*

Subject to the rules of the Share Option Scheme, options may be exercised by an Eligible Participant, in whole or in part, at any time during any period determined by the Board (provided that such period shall not) not exceed ten years from the date of grant and notified to an Eligible Participant. Subject to earlier termination by our Company in general meeting, the Share Option Scheme shall be valid and effective for a period commencing from [●] 2015 and expiring at 5:00 p.m. on the business day preceding the tenth anniversary of such date (“**Scheme Period**”).

(k) *Rights of exercise for option holders*

Our Board may at its discretion, when making an Offer, impose any conditions, restrictions or limitations in relation thereto as it may think fit, including but not limited to the achievement of any performance target. Subject to the aforesaid, an Eligible Participant to whom any option is granted is not required to achieve any performance target before an option can be exercised.

No Director shall deal in any securities of our Company unless he fully complies with the provisions of the Model Code.

In the event that the grantee ceases to be an Eligible Participant under the Share Option Scheme during any relevant option period by reason of ill-health, injury, disability or death or because his employing company ceases to be a member of our Group before exercising his options in full, the grantee or his personal representative, as the case may be, may exercise the options (to the extent not already exercised) within a period of six months of such ill-health, injury, disability or death or cessation, failing which such options will lapse and determine at the end of the relevant period.

In the event that a grantee ceases to be an Eligible Participant under the Share Option Scheme by reason of retirement in accordance with his contract of employment or upon expiration of his or her contract of employment or term of directorship before exercising his or her options in full, the grantee may exercise the options (to the extent not already exercised) within a period of six months after he so retires or expiration of his contract of employment or term of directorship, failing which such options will lapse and determine at the end of the relevant period.

In the event that a grantee ceases to be an Eligible Participant under the Share Option Scheme by reason of voluntary resignation other than by reason of the circumstances set out above or by termination of his employment in accordance with the termination provisions of

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his contract of employment by his employing company before exercising his options in full, such options and any outstanding Offer will lapse and determine on the date of the resignation or termination.

(l) Discretion of our Board

Notwithstanding the aforesaid in paragraph (k) above, in each case, our Board may in its absolute discretion decide that any option shall not so lapse or determine subject to such conditions or limitations as our Board may decide.

(m) Rights on general offers

If a general offer by way of takeover is made to all the Shareholders and the offeror shall have obtained control of our Company as a consequence, option holders shall, subject to paragraph (k) above, be entitled at any time within the period of one month after control has been obtained to exercise the option in whole or in part (to the extent not already exercised), notwithstanding any restrictions in the terms of grant of the option which would otherwise have prevented the option from being exercised during such period. Any option that has not been so exercised within the one-month period shall cease and determine.

(n) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all option holders and thereupon, each option holder shall be entitled to exercise all or any of his or her options (to the extent not already exercised) at any time thereafter until such resolution is duly passed or defeated or the general meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, lapse and determine.

(o) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the option holders on the same date as it gives notice of the meeting to its members or creditors summoning the meeting to consider such compromise or arrangement and each option holder (or where permitted his personal representative) shall forthwith be entitled to exercise his or her option until the earlier of the date two months thereafter or the date on which the compromise or arrangement is sanctioned by the court. But the exercise of the option as aforesaid shall be conditional upon the compromise or arrangement being sanctioned by the court and becoming effective.

Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine.

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(p) Ranking of Shares issued upon exercise of options

The Shares to be allotted and issued upon the exercise of an option will not carry voting rights until completion of the registration of the option holder (or any other person nominated by the option holder) as the Shareholder thereof in the register of members of our Company. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects with Shares in issue on the date of the exercise and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation, as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of entry of such Shareholder in the register of members of our Company.

(q) Effect of alterations to capital

Upon any variation in the share capital of our Company arising from any reduction, sub-division or consolidation of share capital, any rights issue or the issue of any share capital by way of capitalisation of profits or reserves or in connection with an open offer to the Shareholders (each a “**Relevant Event**”), the number or nominal amount of Shares comprised in each option and/or the subscription price thereunder may be adjusted in any manner as our Board (having received a confirmation in writing from the auditors of our Company or an approved independent financial adviser that in their/its opinion the adjustments proposed satisfy the requirements of the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) may deem appropriate provided always that:

- (i) no increase shall be made in the aggregate subscription price relating to any option;
- (ii) any adjustments should give each option holder the same proportion of the share capital of our Company as that to which he or she was previously entitled prior to such adjustments;
- (iii) no adjustments shall be made which will enable a Share to be issued at less than its nominal value; and
- (iv) where the Relevant Event arises from an issue of Shares, references to options shall include references to options that have been exercised prior to the date of the adjustment in respect of Shares which otherwise do not rank and are not entitled to participate in the issue by reason of the option holder not having been then registered as the holder of the relevant Shares.

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(r) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by our Board;
- (ii) the date of lapse as provided in paragraphs (k), (m) or (o) above;
- (iii) the date of commencement of a winding up of a Company; and
- (iv) the date on which the option holder commits a breach of paragraph (i) above.

(s) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board except that:

- (i) any alteration to the advantage of the option holders or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting except where the proposed alteration takes effect automatically under the existing terms of the Share Option Scheme. Any change to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(t) Cancellation of options

Any unexercised option may be cancelled if the relevant option holder so agrees. Issuance of new options to the same option holder may only be made if there are unissued options available under the Share Option Scheme (excluding the cancelled options) within the 10% Limit or the Limit as refreshed pursuant to rule 5.1(b) of the Share Option Scheme and in compliance with the terms of the Share Option Scheme in force from time to time.

(u) Termination of the Share Option Scheme

Our Company may by ordinary resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options 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.

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(v) *Administration of the Share Option Scheme*

The Share Option Scheme shall be administered by our Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

(w) *Condition of the Share Option Scheme*

The Share Option Scheme is conditional upon: (1) the approval for the listing of, and permission to deal in, the Shares in issue and to be issued, and any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme, being granted by the Listing Committee of the Stock Exchange; (2) the [REDACTED] becoming unconditional and not being terminated according to the terms thereof; and (3) the commencement of dealing of the Shares on the Stock Exchange.

(x) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(y) *Value of Options*

Our Directors consider it inappropriate to disclose the value of the options which may be granted under the Share Option Scheme as if they had been granted at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and to a certain extent would be misleading to investors.

18. Tax and Other indemnities

Our Controlling Shareholders (the “**Indemnifiers**”) have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (bb) referred to in the paragraph headed “Further Information about the Business of our Group – 8. Summary of material contracts” above) to provide indemnities on a joint and several basis, in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group at any time on or before the Listing whether alone or in

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conjunction with any other circumstances whenever occurring and whether or not the tax liabilities are chargeable against or attributable to any other person, firm, company or corporation;

- (b) tax liabilities (including all reasonable fines, penalties, costs, charges, expenses and interest relation to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date; and
- (c) all claims, damages, losses, costs, expenses, actions and proceedings (if any) arising out of or in connection with any non-compliance or alleged noncompliance by any member of our Group with any applicable PRC rules, regulations and laws in relation to any properties, social insurance contributions and housing fund contributions on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands, BVI, Hong Kong and the PRC.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 December 2014;
- (b) to the extent that such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before 1 January 2015; and
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 1 January 2015 or pursuant to any statement of intention made in the document; or
- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the deed of indemnity with retrospective effect; or

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- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 December 2014 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

19. Litigation

Neither our Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any member of our Group that would have a material adverse effect or the results of operations or financial condition of our Group.

20. Application for listing of Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares to be issued pursuant to the exercise of any Shares to be issued within the Limit pursuant to the exercise of any options that may be granted under the Share Option Scheme).

The Listing of the Shares on the Stock Exchange is sponsored by BOCOM International (Asia).

21. Sole Sponsor's fee, agency fee or commission

The Sole Sponsor will receive a fee of approximately HK\$4 million for acting as the sole sponsor to the Listing.

Save for the aforesaid fee and underwriting commission (in its capacity as International Underwriters or Hong Kong Underwriters), the Sole Sponsor will not receive any agency fee or commission.

22. Promoter

Our Company has no promoter as the term is defined under the Listing Rules.

23. Preliminary expenses

The preliminary expenses incurred by our Company were approximately US\$5,900 and were paid by our Company.

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24. Qualifications and consents of experts

The qualifications of the experts who have given opinions or advices in this document are as follows:

<u>Name</u>	<u>Qualification</u>
BOCOM International (Asia) Limited	Licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO
Chen & Co. Law Firm	PRC legal adviser
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
KPMG	Certified public accountants
CCID Consulting Company Limited	Industry consultant
Norton Rose Fulbright LLP	Qualified to advise on the applicability of economic sanctions administered under United States and European Union law
Minter Ellison	Qualified to advise on the applicability of economic sanctions administered under Australian law and the international law of the United Nations

Each of the experts set out in the table above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports and/or letters and/or valuation and/or opinions and summaries of opinions (as the case may be) and/or the references to its name or summaries of opinion included in the form and context in which they are respectively included.

None of the experts named above:

- (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
- (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

25. Binding effect

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

26. Bilingual document

Pursuant to Rule 11.14 of the Listing Rules and section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this document are being published separately but are available to the public at the same time.

27. Miscellaneous

- (a) Save as disclosed in this document, within the two years preceding the date of this document:
 - (i) no share or loan capital of our Company or any of its subsidiaries had been issued or agreed to be issued or was proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries was under option or was agreed conditionally or unconditionally to be put under option;
 - (iii) no commission had been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any share in our Company or any of its subsidiaries; and
 - (iv) no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.
- (b) Our Directors have confirmed that (i) there has been no material adverse change in the financial or trading positions of our Group since 31 December 2013 (being the date to which the latest audited combined financial information of our Group were made up); and (ii) there had not been any interruption in the business of our Group which might have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this document.
- (c) Our Company has no founder, management or deferred shares.
- (d) No securities of our Group are listed, and no listing of any such securities is proposed to be sought, on any other stock exchange.
- (e) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.
- (f) Our Group had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities as at the Latest Practicable Date.