
DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“Adjusted Cost of Raw Materials”	the sum of cost of raw materials consumed, changes in inventories of finished goods and work in progress (which includes cost of raw materials unsold and related labour, depreciation costs and other production overhead) and provision for write-down of inventories;
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 6 May 2013 to become effective upon the Listing, and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus;
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Audit Committee”	the audit committee of the Board;
“Board”	our board of Directors;
“Branded Industrial Automation Products”	industrial automation products bearing or associated with one brand name. For the two years ended 30 June 2011 and 2012 and the six months ended 31 December 2012, approximately 96.8%, 97.8% and 99.2% of our Group’s total turnover was attributable to the sale of our products which had applied such branded industrial automation products respectively;
“Business Day(s)”	any day(s) (excluding Saturday(s), Sunday(s) and public holidays) in Hong Kong on which licensed banks in Hong Kong are open for banking business throughout their normal business hours;
“BVI”	British Virgin Islands;
“Capitalisation Issue”	the issue of Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed “Resolutions in writing of our Shareholders passed on 6 May 2013” in Appendix V to this prospectus;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;

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“Circular No. 75”	the Notice on Relevant Issues Relating to the Foreign Exchange Administration of Financing and Return Investment Activities by Domestic Residents Conducted via Offshore Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) issued by the SAFE on 21 October 2005;
“Companies Law” and “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Company” or “our Company”	Huazhang Technology Holding Limited (華章科技控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 26 June 2012 under the Companies Law;
“Connected Person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and unless the context requires otherwise, refers to Florescent Holdings, Lian Shun, Mr. Zhu, Mr. Wang, Mr. Liu and Ms. Zhu;
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會);
“Director(s)”	director(s) of our Company;
“EIT”	the PRC enterprise income tax (中華人民共和國企業所得稅);
“EJV”	Sino-Foreign Equity Joint Venture (中外合資企業);
“Employment Contract Law”	Law of the PRC on Employment Contracts (中華人民共和國勞動合同法), as amended, supplemented or otherwise modified from time to time;

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“Euro”	euro, the official currency of eurozone, which consisted of 17 member states of the European Union as at the Latest Practicable Date;
“Euromonitor”	Euromonitor International Ltd, an independent market research firm commissioned by our Company for the preparation of the industry report in relation to, among others, the use of industrial automation systems and sludge treatment products in the PRC’s paper-making industry which was set out in the section headed “Industry overview” in this prospectus;
“Florescent Holdings”	Florescent Holdings Limited (博榮控股有限公司), a company incorporated in the BVI on 8 June 2012 with limited liability and one of our Controlling Shareholders. As at the Latest Practicable Date, 77.9% of its issued share capital was owned by Lian Shun, while the remaining 22.1% was owned by Qunyu;
“French Business Partner”	a simplified joint stock company governed by the laws of France and a wholly-owned subsidiary of the French Listed Company, and an Independent Third Party;
“French Listed Company”	a simplified joint stock company governed by the laws of France and incorporated on 16 December 2004, whose shares are listed and traded on the NYSE Euronext Paris, and an Independent Third Party;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time;
“GEM Website”	the internet website at www.hkgem.com operated by the Stock Exchange for the purpose of GEM;
“Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company, some or any of them and the businesses carried on by such subsidiaries, as the case may be;

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“Guotai Junan Capital” or “Sole Sponsor”	Guotai Junan Capital Limited, a licensed corporation under the SFO permitted to engage in type 6 of the regulated activities (as defined under the SFO), acting as the sole sponsor to the Listing;
“Guotai Junan Securities” or “Sole Bookrunner and Sole Lead Manager”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO permitted to engage in type 1 and type 4 of the regulated activities (as defined under the SFO), acting as the sole bookrunner and sole lead manager of the Placing;
“HAHK 2007 S&P Agreement”	the sale and purchase agreement dated 2 March 2007 entered into between, among others, Huazhang Overseas, Huazhang Automation (Hong Kong) and French Business Partner in relation to the disposal of 51% interests in Huazhang Automation (Hong Kong) by Huazhang Overseas to French Business Partner;
“HAHK First Call Option”	an option granted to French Business Partner to require Huazhang Overseas (or its successor) to sell 19% interests in Huazhang Automation (Hong Kong) to French Business Partner pursuant to the terms of the HAHK 2007 S&P Agreement;
“HAHK Second Call Option”	an option granted to French Business Partner to require Huazhang Overseas (or its successor) to sell all outstanding interests in Huazhang Automation (Hong Kong) to French Business Partner pursuant to the terms of the HAHK 2007 S&P Agreement (as supplemented by an agreement dated 30 June 2009);
“HAHK Shareholders’ Agreement”	the shareholders’ agreement in relation to Huazhang Automation (Hong Kong) dated 16 March 2007 entered into between, among others, Huazhang Overseas, Mr. Zhu, Mr. Wang, Mr. Liu, Ms. Zhu and French Business Partner;
“Hangzhou Rongtai Electric”	Hangzhou Rongtai Electric Company Limited (杭州榮泰電氣有限公司), an EJV incorporated in the PRC with limited liability on 24 December 1998. As at the Latest Practicable Date, Hangzhou Rongtai Electric was deregistered;

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“Hangzhou Yiyi Consultation”	Hangzhou Yiyi Corporate Management Consultation Limited (杭州意義企業管理諮詢有限公司), formerly known as Hangzhou Huazhang Electric Engineering Company Limited (杭州華章電氣工程有限公司), a company incorporated in the PRC with limited liability on 18 December 1996. As at the Latest Practicable Date, its registered capital was owned as to approximately 71.30% by Mr. Wang, approximately 5.92% by Ms. Zhu and approximately 22.78% in aggregate by Independent Third Parties, and its principal business was consulting corporate management and economic information;
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong;
“HKAS”	Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company;
“Huazhang Automation (Hong Kong)”	Huazhang Electric Automation Holding Company Limited (華章電氣自動化控股有限公司), a company incorporated in Hong Kong with limited liability on 2 June 2006. As at the Latest Practicable Date, 70% of its issued share capital was held by French Business Partner, an Independent Third Party, while the remaining 30% was held by Huazhang Overseas;

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“Huazhang Automation (Zhejiang)”	Zhejiang Huazhang Automation Equipment Company Limited (浙江華章自動化設備有限公司), a WFOE incorporated in the PRC on 5 September 2006 and a wholly-owned subsidiary of Huazhang Automation (Hong Kong). It is an authorised distributor of the Branded Industrial Automation Products in Zhejiang Province of the PRC;
“Huazhang Electric”	Hua Zhang Electric Holding Company Limited (華章電氣控股有限公司), a company incorporated in Hong Kong with limited liability on 25 March 1993 and an indirect wholly-owned subsidiary of our Company and a direct wholly-owned subsidiary of Likwin;
“Huazhang Overseas”	Huazhang Overseas Holding, Inc., a company incorporated in the Cayman Islands on 25 March 2003 with limited liability which beneficially held the entire interest of Huazhang Electric prior to the Reorganisation. As at the Latest Practicable Date, it was a Connected Person of our Company and its issued share capital was owned as to 41.90% by Mr. Zhu, 16.16% by Mr. Wang, 13.98% by Mr. Liu, 5.86% by Ms. Zhu and 22.10% by United Offshore;
“Huazhang Technology”	Zhejiang Huazhang Technology Limited (浙江華章科技有限公司) (formerly known as Huazhang Electric (Tongxiang) Company Limited (華章電氣(桐鄉)有限公司)), a WFOE incorporated in the PRC on 19 July 2001 and an indirect wholly-owned operating subsidiary of our Company and a direct wholly-owned subsidiary of Huazhang Electric;
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any directors, chief executive and Substantial Shareholders of our Company or any of its subsidiaries and their respective associates;
“Latest Practicable Date”	30 April 2013, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus;

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“Lian Shun”	Lian Shun Limited (聯順有限公司), a company incorporated in the BVI with limited liability on 25 May 2012 and one of our Controlling Shareholders. As at the Latest Practicable Date, its issued share capital was owned as to 53.79% by Mr. Zhu, 20.74% by Mr. Wang, 17.95% by Mr. Liu and 7.52% by Ms. Zhu, all of them were our Controlling Shareholders;
“Likwin”	Likwin Limited (力榮有限公司), a company incorporated in the BVI with limited liability on 8 June 2012 and a direct wholly-owned subsidiary of our Company;
“Listing”	the listing of our Shares on GEM;
“Listing Date”	the date on which dealings in our Shares on GEM commence;
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding option market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM and which, for the avoidance of doubt excludes GEM;
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, conditionally adopted on 6 May 2013 with effect upon the Listing Date, and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus;
“MEP”	Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部);
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部);
“Mr. Liu”	Mr. Liu Chuan Jiang (劉川江), an ultimate beneficial owner of approximately 17.95% shareholding interest in Lian Shun, and one of the members of the senior management of our Group. Mr. Liu is one of our Controlling Shareholders as he is regarded as one of the parties acting in concert with Mr. Zhu under the Takeovers Code;

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“Mr. Wang”	Mr. Wang Ai Yan (王愛燕), an owner of approximately 20.74% shareholding interest in Lian Shun, and he was a director of Huazhang Technology during the period from 1 July 2010 to 10 October 2012. Mr. Wang is one of our Controlling Shareholders as he is regarded as one of the parties acting in concert with Mr. Zhu under the Takeovers Code;
“Mr. Zhu”	Mr. Zhu Gen Rong (朱根榮), the founder of our Group, one of our Controlling Shareholders and an executive Director;
“Ms. Zhu”	Ms. Zhu Ling Yun (朱凌雲), an owner of approximately 7.52% shareholding interest in Lian Shun, and she was a director of Huazhang Technology during the period from 1 July 2010 to 10 October 2012, and save for acting in concert with Mr. Zhu, Ms. Zhu is not otherwise related to Mr. Zhu. Ms. Zhu is one of our Controlling Shareholders as she is regarded as one of the parties acting in concert with Mr. Zhu under the Takeovers Code;
“MST”	Ministry of Science and Technology of the PRC (中華人民共和國科學技術部);
“NDRC”	National Development and Reform Commission (中華人民共和國國家發展和改革委員會);
“Nomination Committee”	the nomination committee of the Board;
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會);
“Offer Size Adjustment Option”	the option granted by our Company to the Sole Lead Manager under the Underwriting Agreement pursuant to which the Sole Lead Manager may require us to allot and issue up to an aggregate of 10,200,000 additional Placing Shares, representing 15% of the initial number of Placing Shares under the Placing to cover any over-allocation in the Placing;
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC;

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“People’s Court”	the Supreme People’s Court of the PRC (中華人民共和國最高人民法院);
“Placing”	the conditional placing of the Placing Shares at the Placing Price, as further described in the section headed “Structure and conditions of the Placing” in this prospectus;
“Placing Price”	the placing price of HK\$1.20 per Placing Share (exclusive of brokerage, the Stock Exchange trading fee and SFC transaction levy);
“Placing Shares”	the 68,000,000 new Shares being offered by our Company for subscription at the Placing Price pursuant to the Placing, subject to the Offer Size Adjustment Option set forth in the section headed “Structure and conditions of the Placing” in this prospectus;
“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC Legal Advisers”	ETR Law Firm, the legal advisers of our Company as to the PRC laws;
“Qunyu”	Qunyu Limited (群御有限公司), a company incorporated in the BVI with limited liability on 10 April 2012. As at the Latest Practicable Date, its issued share capital was held by 67 individuals, and none of these individuals held more than 16% interests in Qunyu;
“Remuneration Committee”	the remuneration committee of the Board;
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing as described under the paragraph of “Corporate Reorganisation” in the section headed “History, corporate structure and reorganisation” in this prospectus;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rules of CCASS”	the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

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“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局);
“SAIC”	the State Administration of Industry and Commerce (中華人民共和國國家工商行政管理總局);
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局);
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shanghai Yunjie Consultation”	Shanghai Yunjie Corporate Management Consultation Limited (上海蘊頤企業管理諮詢有限公司), formerly known as Shanghai Huazhang Electric Control Engineering Company Limited (上海華章電氣控制工程有限公司), a company incorporated in the PRC with limited liability on 28 May 1999. As at the Latest Practicable Date, it was a Connected Person with 85% of its registered capital was paid up by Mr. Wang and the remaining 15% was paid up by Ms. Zhu;
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the capital of our Company;
“Shareholder(s)”	holder(s) of our Share(s);
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 6 May 2013, a summary of principal terms of which is set out under the paragraphs headed “Share Option Scheme” in Appendix V to this prospectus;
“Standing Committee”	Standing Committee of the NPC (全國人民代表大會常委會);
“State Council”	State Council of the PRC (中華人民共和國國務院);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Companies Ordinance;

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“Substantial Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers issued by SFC, as amended, supplemented or otherwise modified from time to time;
“Tax Law”	The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was promulgated on 16 March 2007 by the NPC and the implementation rules thereof was promulgated on 6 December 2007 by the State Council both became effective on 1 January 2008;
“Tongxiang Baimadun”	Tongxiang Baimadun Travel Development Company Limited (桐鄉白馬墩旅遊開發有限公司), an EJV incorporated in the PRC with limited liability on 30 December 2004. Tongxiang Baimadun ceased to be a subsidiary of Huazhang Electric on 10 April 2012 and was wholly-owned by two Independent Third Parties as at the Latest Practicable Date;
“Tongxiang Modern Eco-Agriculture”	Tongxiang Modern Eco-Agriculture Development Company Limited (桐鄉華章現代生態農業開發有限公司), a WFOE incorporated in the PRC with limited liability on 19 December 2001. Tongxiang Modern Eco-Agriculture ceased to be a subsidiary of Huazhang Electric on 10 April 2012 and was wholly-owned by an Independent Third Party as at the Latest Practicable Date;
“Track Record Period”	the two financial years ended 30 June 2011 and 2012 and the six months ended 31 December 2012;
“Underwriters”	the underwriters in respect of the Placing named in the section headed “Underwriting” in this prospectus;
“Underwriting Agreement”	the conditional underwriting agreement dated 8 May 2013 relating to the Placing entered into between our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Lead Manager and the Underwriters, as further described in the section headed “Underwriting” in this prospectus;

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“United Offshore”	United Offshore Inc., a company incorporated in the BVI with limited liability on 30 January 2003. As at the Latest Practicable Date, United Offshore was an Independent Third Party and its issued share capital was held by 67 individuals, and none of these individuals held more than 16% interests in United Offshore;
“US” or “United States”	the United States of America;
“US\$” or “USD”	United States dollars, the lawful currency of the US;
“VAT”	the PRC value-added tax (中華人民共和國增值稅);
“WFOE”	wholly foreign owned enterprise;
“sq.m.” or “m ² ”	square metres; and
“%”	per cent.

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rate:

$$HK\$1.00 = RMB0.8012$$

No representation is made that any amounts in HK\$ or RMB were or could have been converted at the above rate or at any other rates or at all.

For ease of reference, the names of the PRC established companies or entities and PRC laws, rules and regulations have been included in this prospectus in both the Chinese and English languages. The English names of these PRC companies and entities and PRC laws, rules and regulations are only English translation of their respective official Chinese names. In the event of any inconsistency, the Chinese version shall prevail.