

FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 18 January 2010. We have established a place of business at Room 2204, 22/F, Fu Fai Commercial Centre, 27 Hillier Street, Hong Kong and was registered in Hong Kong as an overseas company under Part XI of the Hong Kong Companies Ordinance on 6 May 2010. Ng Chi Kit of 11A, Block 9, Beverly Garden, 1 Tong Ming Street, Tseung Kwan O, Kowloon, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company at the above address.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant law of the Cayman Islands and its constitution which comprises a memorandum and articles of association. A summary of certain relevant provisions of its constitution and certain relevant aspects of the Cayman Islands Companies Law is set out in Appendix V of this prospectus.

2. Changes in share capital of our Company

As at the date of incorporation, the authorized share capital of our Company was US\$50,000 divided into 50,000 shares of US\$1.0 each.

At the time of incorporation, Offshore Incorporations (Cayman) Limited subscribed for 1 share of US\$1.0 in the capital of our Company. On the same date, the said 1 share in our Company was transferred to Mr. Zhou at par. At the same time, Mr. Zhou subscribed for an additional 99 shares of US\$1.0 each in the capital of our Company.

On 9 March 2010, the par value of the shares of our Company was changed from US\$1.0 each to US\$0.01 each by way of subdivision of shares, and the authorized share capital of our Company was changed from US\$50,000 divided into 50,000 shares of US\$1.0 each to US\$50,000 divided into 5,000,000 shares of US\$0.01 each. As a result of such change, the 100 shares of US\$1.0 each in our Company held by Mr. Zhou became 10,000 shares of US\$0.01 each. On the same date, Mr. Zhou subscribed for an additional 90,000 shares of US\$0.01 each in the capital of our Company. Upon completion of such subscription, the issued share capital of our Company became 100,000 shares of US\$0.01 each, all were held by Mr. Zhou.

Immediately following completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised, the authorized share capital of our Company will be US\$100,000,000 divided into 10,000,000,000 Shares, of which 1,000,000,000 Shares will be issued fully paid or credited as fully paid, and 9,000,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of all the Shareholders of our Company passed on 7 June 2010" in this Appendix, the Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without 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 disclosed in this prospectus, there has been no alteration in the share capital of our Company since incorporation.

3. Written resolutions of all the Shareholders of our Company passed on 7 June 2010

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings of our Company, which were passed on 7 June 2010, conditional upon (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, on the Main Board, the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreement:

- (a) our Company approved and adopted the Articles of Association;
- (b) conditional on the share premium account of our Company being credited as a result of the Global Offering, the sum of US\$7,499,000 be capitalized and be applied in paying up in full at par 749,900,000 Shares for allotment and issue to the Shareholders whose names were on the register of members of our Company as of the close of business on 7 June 2010 and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;
- (c) the Global Offering and the Over-allotment Option were approved and the Directors were authorized to approve to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;
- (d) the rules of the Share Option Scheme were approved and adopted, and the Directors or any committee thereof established by the Board were authorized, at their sole discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of options granted under the Share Option Scheme and to take such action as they consider necessary, expedient or desirable to implement the Share Option Scheme;
- (e) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any subscription rights under the Share Option Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by the shareholders in general meeting) with an aggregate nominal value of not more than the sum of:
 - (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering; and

- (ii) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any);
- (f) a general unconditional mandate was given to the Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue or to be issued immediately following the completion of the Global Offering and Capitalization Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option);
- (g) the general unconditional mandate as mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering); and

Each of the general mandates referred to in paragraphs (e), (f) and (g) above will remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

4. Reorganization

In order to rationalize our structure and prepare for the Listing, our Company has undertaken several restructuring steps which involved in the following:

- (a) The following companies were incorporated as investment holding entities for our Group:
 - (i) Chaowei BVI was incorporated in the British Virgin Islands on 15 January 2010 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.

- (ii) Chaowei HK was incorporated in Hong Kong on 22 January 2010 with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each.
 - (iii) Chaowei Technology was incorporated in Hong Kong on 29 January 2010 with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each.
- (b) Our Company was incorporated in the Cayman Islands on 18 January 2010 with an authorized share capital US\$50,000 divided into 50,000 shares of US\$1.00 each. At the time of incorporation, Offshore Incorporations (Cayman) Limited subscribed for 1 share of US\$1.0 in the capital of our Company. On the same date, the said 1 share in our Company was transferred to Mr. Zhou at par. At the same time, Mr. Zhou subscribed for an additional 99 shares of US\$1.0 each in the capital of our Company, and our Company became wholly-owned by Mr. Zhou as a result.
- (c) On 6 August 2007, Lehman Brothers, Chaowei Power, Changxing Zhongcheng, Jiangsu Chaowei, Henan Chaowei, Shandong Chawei, Allied Crown, United Holdings, Mr. Zhou, Ms. Fang Jianjun, entered into the Lehman Note Purchase Agreement (as amended on 10 August 2007 and 31 October 2007) pursuant to which Lehman Brothers agreed to purchase a convertible note issued by United Holdings for a total consideration of US\$25 million.
- (d) On 31 October 2007, the Lehman Convertible Note was converted into 416,667 series A preferred shares in the capital of United Holdings. On the same date, each of Fame Smart and Investgain entered into a deed of share charge pursuant to which the shares had by each of Fame Smart and Investgain were charged in favour of Lehman Brothers as security against the obligations of United Holdings under the Lehman preferred shares.
- (e) On 12 February 2010, among others, Lehman Brothers, United Holdings and Mr. Zhou entered into a redemption agreement, pursuant to which United Holdings agreed to redeem the Lehman Preferred Shares from Lehman Brothers for a consideration of US\$33 million, which was determined after arm's length negotiation between the parties. On 5 March 2010, after payment of the redemption price of US\$33 million in full, among others, Lehman Brothers, United Holdings, Mr. Zhou and certain PRC subsidiaries of our Group entered into a deed of termination and release, pursuant to which the parties agreed to terminate, among others, the Lehman Note Purchase Agreement with effect from 5 March 2010. Upon termination, each such documents shall become null and void and of no further force and effect, and the share charges created under the deed of share charges by Fame Smart and Investgain in favour of Lehman Brothers shall be released and discharged. After such redemption and termination, Lehman Brothers ceased to have any interest in United Holdings.

- (f) On 12 February 2010, Castle Lead, a company wholly owned by Hony Capital, and United Holdings entered into the Castle Lead Loan Agreement pursuant to which Castle Lead agreed to provide a loan in the amount of US\$33 million to United Holdings, which was to be used by United Holdings solely to redeem the Lehman Preferred Shares from Lehman Brothers.
- (g) On 5 March 2010, after completion of the redemption of the Lehmen Preferred shares, Castle Lead, United Holdings, Mr. Zhou, Investgain, Fame Smart, among others, entered into the Castle Lead Subscription Agreement pursuant to which Castle Lead agreed to subscribe for 383,167 ordinary shares in the share capital of United Holdings (representing approximately 20.36% of the total issued share capital as enlarged by the issuance of the said 383,167 shares to Castle Lead), for a total consideration of US\$41,056,000. Under the Castle Lead Subscription Agreement, the payment of the subscription price by Castle Lead was to be made by conversion of the US\$33 million loan provided by Castle Lead under the Castle Lead Loan Agreement, and payment of the balance of US\$8,056,000 by way of cash.
- (h) On 9 March 2010, each of Noble Avenue, a company wholly owned by Mr. Ding Zixuan and Treasure Sea, a company wholly owned by Mr. Lam Kong, subscribed for 14,386 and 19,114 shares in United Holdings (representing approximately 0.75% and 1.0% of the total issued share capital of United Holdings as enlarged by the issuance of new shares to Noble Avenue and Treasure Sea), for a total subscription price of approximately US\$1.5 million and approximately US\$2.1 million respectively.
- (i) On 9 March 2010, Mr. Gao Xinkun transferred his entire 28,009 shares of United Holdings (representing approximately 1.46% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to Wide Fame, a company wholly-owned by himself for a consideration of US\$1.
- (j) On 9 March 2010, Fame Smart, a company wholly-owned by Mr. Zhou, transferred 92,535 shares in United Holdings (representing approximately 4.83% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to High Joy, a company wholly-owned by Mr. Zhou Longrui, the father of Mr. Zhou, for a consideration of approximately RMB2.6 million.
- (k) On 9 March 2010, Fame Smart transferred 92,535 shares in United Holdings (representing approximately 4.83% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to Shiny Century, a company wholly-owned by Ms. Yang Yunfei, the mother of Mr. Zhou for a consideration of approximately RMB2.6 million.

- (l) On 9 March 2010, Fame Smart transferred 6,513 shares in United Holdings (representing approximately 0.34% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to Red Day, a company wholly-owned by Mr. Ma Zhaoyang for a consideration of approximately US\$0.7 million.
- (m) On 9 March 2010, Investgain, a company wholly-owned by Mr. Zhou, transferred 118,591 shares in United Holdings (representing approximately 6.19% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to Red Day, a company wholly-owned by Mr. Ma Zhaoyang, for a consideration of approximately US\$12.7 million.
- (n) On 9 March 2010, Investgain transferred 882,770 shares in United Holdings (representing approximately 46.08% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to Great State, a company wholly-owned by Mr. Zhou, for a consideration of US\$1.
- (o) On 9 March 2010, Investgain transferred its balance of 182,420 shares in United Holdings (representing approximately 9.52% of the total issued share capital of United Holdings as enlarged by the issue of new shares in United Holdings to Treasure Sea and Noble Avenue as mentioned in paragraph (h) above) to Jolly Pride, a company wholly-owned by Mr. Zhou, for a consideration of US\$1.
- (p) On 9 March 2010, the par value of the shares of our Company was subdivided from US\$1.0 each to US\$0.01 each, and the authorized share capital of our Company was changed from US\$50,000 divided into 50,000 shares of US\$1.0 each to US\$50,000 divided into 5,000,000 shares of US\$0.01 each. Before the subdivision, our Company has an issued share capital of US\$100 with 100 shares of US\$1.0 each. As a result of such subdivision, the 100 shares of US\$1.0 each in our Company held by Mr. Zhou became 10,000 shares of US\$0.01 each. On the same day, Mr. Zhou subscribed for an additional 90,000 shares of US\$0.01 each in our Company at par. Upon completion of such subdivision and subscription, the total issued share capital of our Company became 100,000 shares of US\$0.01 each, all held by Mr. Zhou.
- (q) On 9 March 2010, Mr. Zhou and each of Great State, High Joy, Shiny Century, Jolly Pride, Wide Fame, Red Day, Treasure Sea, Noble Avenue, Allied Crown and Castle Lead entered into a share transfer agreement (the “**Chaowei Cayman Transfer Agreement**”) pursuant to which Mr. Zhou transferred (i) 46,078 shares in our Company to Great State; (ii) 4,830 shares in our Company to High Joy; (iii) 4,830 shares in our Company to Shiny Century; (iv) 9,522 shares in our Company to Jolly Pride; (v) 1,460 shares in our Company to Wide Fame; (vi) 6,530 shares in our Company to Red Day; (vii) 1,000 shares in our Company to Treasure Sea; (viii) 750 shares in our Company to Noble Avenue; (ix) 5,000 shares in our Company to Allied Crown; and (ix) 20,000 shares in our Company to Castle Lead. Each of the transfers under the

Chaowei Cayman Transfer Agreement was at par value. Upon completion of the Chaowei Cayman Transfer Agreement, our Company became owned as to (i) 46.08% by Great State; (ii) 4.83% by High Joy; (iii) 4.83% by Shiny Century; (iv) 9.52% by Jolly Pride; (v) 1.46% by Wide Fame; (vi) 6.53% by Red Day; (vii) 1% by Treasure Sea; (viii) 0.75% by Noble Avenue; (ix) 5% by Allied Crown; and (x) 20% by Castle Lead.

- (r) On 9 March 2010, United Holdings transferred its entire interest in Chaowei Power to Chaowei HK for a consideration of US\$1. Upon completion of such equity transfer, Chaowei Power became a wholly-owned subsidiary of Chaowei HK.
- (s) On 25 March 2010, Allied Crown, a company wholly-owned by Ms. Ma Ting (馬亭), transferred 2,500 shares of US\$0.01 in the capital of our Company, representing approximately 2.50% of its total issued share capital to Mayful, a company wholly-owned by Mr. Mau Derek Edward for a consideration of approximately US\$5.1 million.
- (t) Pursuant to a trust deed dated 14 June 2010 entered into by Mr. Zhou and Jolly Pride in favour of 53 employees of our Group, Jolly Pride declared that the economic interest in the Shares which it holds and will hold from time to time shall belong to said 53 employees of our Group and that all other shareholders rights as Shareholders (including but not limited to voting rights and right to participation in shareholders' meetings) shall not be exercisable by the said 53 employees and shall be exercisable by Jolly Pride exclusively.

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

A. *Subsidiaries of our Company*

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

B. *Changes in Share capital of the subsidiaries of our Company*

Save as disclosed in the section headed "Reorganization" in this Appendix and the section headed "History and Development" in this prospectus, the following changes in share capitals and changes in shareholdings of certain subsidiaries of our Company took place during the two years immediately preceding the date of this prospectus:

Chaowei Power

- (a) Pursuant to an equity transfer agreement dated 9 March 2010 entered into between United Holdings and Chaowei HK, Chaowei HK agreed to acquire all the equity interest in Chaowei Power from United Holdings for a consideration of US\$1. Upon completion of this equity transfer, Chaowei Power became a wholly-owned subsidiary of Chaowei HK.

Shandong Chaowei

- (a) Pursuant to an equity transfer agreement dated 28 March 2009 entered into by Chaowei Power and Mr. Li Jie (李杰), Chaowei Power acquired

from Mr. Li Jie (李杰) all his equity interest in Shandong Chaowei for a consideration of approximately RMB12.3 million and Shandong Chaowei was then become wholly owned by Chaowei Power.

Anhui Chaowei

- (a) Pursuant to four equity transfer agreements, all dated 1 April 2009 entered into by Chaowei Power, Mr. Wang Jin (王進) and Mr. Qian Haichun (錢海春), Mr. Hu Fengqin (胡鳳勤) and Mr. She Hairu (佘海如) respectively, pursuant to which Chaowei Power acquired from Mr. Wang Jin (王進), Mr. Qian Haichun (錢海春), Mr. Hu Fengqin (胡鳳勤) and Mr. She Hairu (佘海如) 85% equity interest in Anhui Chizhou City Jiuhua Power Co., Ltd.* (安徽池州市九華電源有限公司) (the former name of Anhui Chaowei) in total for a consideration of approximately RMB43 million; and
- (b) On 29 October 2009, the registered capital of Anhui Chizhou City Jiuhua Power Co., Ltd.* (安徽池州市九華電源有限公司) (the former name of Anhui Chaowei) was increased from RMB5 million to RMB10 million. After such capital increase Anhui Chaowei was held as to 80% by Chaowei Power.

Save as mentioned in the paragraph headed “Corporate Reorganization” in this Appendix and as described in this paragraph, there have been no changes in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of our own securities

This section includes information relating to the repurchases of securities, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Provisions of the Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies whose primary listing is on the Main Board to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

(i) Shareholders' approval

All proposed repurchases of Shares must be approved in advance by an ordinary resolution in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of our Company passed on 7 June 2010 by all the Shareholders of our Company, a general unconditional mandate was given to the Directors to exercise all powers of our Company to

repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue or to be issued immediately following the completion of the Global Offering (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the earliest of: (i) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or (iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting which ever shall first occur; details of which have been described above in the paragraph headed "Written resolutions of all the Shareholders of our Company passed on 7 June 2010".

(ii) Source of funds

Any repurchases of Shares by our Company must be paid out of funds legally available for the purpose in accordance with our Company's memorandum and articles of association, Hong Kong Listing Rules and the Cayman Islands Companies Law. We may not repurchase our own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time. Any repurchase of Shares by our Company may be made out of funds legally permitted to be utilized in this connection, including profits of our Company or out of proceeds of a fresh issue of Shares made for that purpose or, if so authorized by the Articles of Association of our Company and subject to the provisions of the Cayman Islands Companies Law, out of capital. Any premium payable on a repurchase over the par value of the Shares to be purchased must be paid out of profits of our Company or out of our Company's share premium account, or if so authorized by the articles of association of our Company and subject to the provisions of the Cayman Islands Companies Law, out of capital.

(iii) Shares to be repurchased

The Hong Kong Listing Rules provide that the Shares which are proposed to be repurchased by our Company must be fully-paid up.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending

on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and Shareholders.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Hong Kong Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of Company's current financial position as disclosed in this prospectus and taking into account our current working capital position, the Directors consider that, if the repurchase mandate is exercised in full, it might have a material adverse effect on our Company's working capital and/or gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) *General*

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Hong Kong Listing Rules) currently intends to sell any Shares to our Company.

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

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Company has not made any repurchases of our own securities in the past six months.

No connected person (as defined in the Hong Kong Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR COMPANY'S BUSINESS**1. Summary of the Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) An equity transfer agreement dated 28 March 2009 entered into by Chaowei Power and Mr. Li Jie (李杰), pursuant to which Chaowei Power acquired from Mr. Li Jie (李杰) his equity interest in Shandong Chaowei for a consideration of RMB12,301,492.70;
- (b) Four equity transfer agreements all dated 1 April 2009 entered into by Chaowei Power and Mr. Wang Jin (王進), Mr. Qian Haichun (錢海春), Mr. Hu Fengqin (胡鳳勤) and Mr. She Hairu (佘海如) respectively, pursuant to which Chaowei Power acquired from each of Mr. Wang Jin (王進), Mr. Qian Haichun (錢海春), Mr. Hu Fengqin (胡鳳勤) and Mr. She Hairu (佘海如) 70%, 7.5%, 5.0% and 2.5% equity interest in Anhui Chizhou City Jiuhua Power Co., Ltd.* (安徽池州市九華電源有限公司) (the former name of Anhui Chaowei) respectively;
- (c) A deed of termination and release dated 5 March 2010 entered into, among others, Lehman Brothers, Paul Jeremy Brough, Edward Simon Middleton and Patrick Cowley, United Holdings, Allied Crown, Investgain, Fame Smart, Mr. Peter X. Gao (also known as Mr. Gao Xinkun (高鑫坤)), Mr. David M. Zhou (also known as Mr. Zhou (周明明)), Chaowei Power, Changxing Zhongcheng, Jiangsu Chaowei, Henan Chaowei and Shandong Chaowei, pursuant to which the parties agreed to terminate the various documents entered into between the parties;
- (d) An equity transfer agreement dated 9 March 2010 entered into by United Holdings and Chaowei HK, pursuant to which United Holdings transferred its entire interest in Chaowei Power to Chaowei HK for a consideration of US\$1;
- (e) The deed of non-competition dated 7 June 2010 entered into between the Controlling Shareholders and our Company in favour of our Company;
- (f) The deed of indemnity dated 7 June 2010 entered into between the Controlling Shareholders and our Company, under which the Controlling Shareholders have agreed to give certain indemnities in favour of our Company for itself and as trustee for its subsidiaries containing, among others, the indemnities referred to the paragraphs headed "Other Information – deed of indemnity" in this Appendix;
- (g) A cornerstone placing agreement dated 10 June 2010 entered into among our Company, Teluk Batik Investments (Cayman Islands) Limited, and BNP Paribas, pursuant to which Teluk Batik Investments (Cayman Islands) Limited agreed to acquire the Investor Shares (as defined in such agreement) at the Offer Price (as defined in such agreement); and
- (h) The Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of the Group

Trademarks

As at the Latest Practicable Date, members of our Group have registered the following trademarks:


Trademark	Name of registered owner	Place of registration	Class	Registration number	Registration date	Expiry date
	Chaowei Power	PRC	9 ⁽¹⁾	1481758	28 November 2000	27 November 2010
	Chaowei Power	PRC	9 ⁽²⁾	3685606	21 April 2005	20 April 2015
	Chaowei Power	PRC	9 ⁽¹⁾	1497761	28 December 2000	27 December 2010
	Chaowei Power	PRC	9 ⁽³⁾	3905750	7 March 2006	6 March 2016
	Chaowei Power	PRC	9 ⁽⁴⁾	3594559	14 January 2005	13 January 2015
	Chaowei Power	United Kingdom	9 ⁽⁵⁾	2466506	11 September 2007	–
	Chaowei Power	PRC	7 ⁽⁶⁾	5258391	7 July 2009	6 July 2019
	Chaowei Power	PRC	9 ⁽⁷⁾	5974587	7 January 2010	6 January 2020
	Chaowei Power	PRC	9 ⁽⁷⁾	6060520	7 February 2010	6 February 2020
	Chaowei Power	Hong Kong	9 ⁽⁸⁾	301478881	18 November 2009	17 November 2019

Notes:

- (1) The goods under this registration includes: accumulators, electric for vehicles; accumulator jars; plates for batteries; batteries for lighting; charges for electric batteries; batteries; galvanic cells, batteries for pocket lamps; accumulators, electric; solar batteries.
- (2) The goods under this registration includes: accumulators, electric; plates for batteries; charges for electric batteries; battery boxes.
- (3) The goods under this registration includes: accumulators; battery boxes; plates for batteries; charges for electric batteries; batteries; accumulators, electric for vehicles.
- (4) The goods under this registration includes: accumulators; plates for batteries; charges for electric batteries.

- (5) The goods under this registration includes: accumulators, electric for vehicles; accumulator jars; plates for batteries; batteries for lighting; charges for electric batteries; galvanic cells, batteries for pocket lamps; batteries, electric; accumulators, electric; solar batteries.
- (6) The goods under this registration includes: batteries engine; roll line machine; electricity core machine; attach sole tool; specified equipment for accumulators; electronics equipment; non-hand tool; cutting tool (including machinery blades).
- (7) The goods under this registration includes: accumulators, electric; plates for batteries; battery cases; charges for electric batteries; batteries; accumulators, electric for vehicles; solar batteries; batteries for lighting; accumulators; batteries for pocket lamps.
- (8) The goods under this registration includes: accumulators, electric; battery cases; plates for batteries; charges for electric batteries; batteries; solar batteries; batteries for lighting; accumulators; batteries for pocket lamps; accumulators, electric for vehicles.

As at the Latest Practicable Date, members of our Group have applied for registration of the following trademarks:

Trademark	Name of applicant	Place of application	Class	Application number	Application date
	Chaowei Power	PRC	9 ^{Note}	7915808	15 December 2009

Note:

The goods specified under the application for registration include batteries; accumulators; accumulators, electric for vehicles; battery cases; plates for batteries; chargers for electric batteries; solar batteries; sensors; stabilized voltage supply; power related materials (electric wire, electric cable).

Domain Names

As at the Latest Practicable Date, members of our Group have registered the following domain names:

Domain Name	Registrant	Date of Registration	Expiry Date
www.cnchaowei.com	Chaowei Power	22 October 2004	7 November 2010
www.chinapowerplc.com	Chaowei Power	1 November 2007	1 November 2010
www.chaowei.com.hk	Company	4 June 2010	4 June 2011

Patents

As at the Latest Practicable Date, members of our Group have registered the following patents in the PRC:

Type	Registrant	Patent number	Effective Period
Invention	Henan Chaowei	ZL200510060857.3	23 September 2005 to 22 September 2025
Invention	Chaowei Power	ZL200510060856.9	23 September 2005 to 22 September 2025
Invention	Chaowei Power	ZL200510060860.5	23 September 2005 to 22 September 2025
Invention	Chaowei Power	ZL200510061112.9	14 October 2005 to 13 October 2025
Invention	Chaowei Power	ZL200510061111.4	14 October 2005 to 13 October 2025
Invention	Chaowei Power	ZL200510061458.9	7 November 2005 to 6 November 2025
Invention	Chaowei Power	ZL200510060858.8	23 September 2005 to 22 September 2025
Invention	Shandong Chaowei	ZL200710068370.9	29 April 2007 to 28 April 2027
Utility Model	Chaowei Power	ZL200420082538.3	1 September 2004 to 31 August 2014
Utility Model	Chaowei Power	ZL200820082706.7	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820082700.X	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820082699.0	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820082701.4	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820082702.9	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820082705.2	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820082704.8	21 January 2008 to 20 January 2018
Utility Model	Chaowei Power	ZL200820083087.3	30 January 2008 to 29 January 2018
Utility Model	Chaowei Power	ZL200820083088.8	30 January 2008 to 29 January 2018
Utility Model	Chaowei Power	ZL200820083089.2	30 January 2008 to 29 January 2018
Utility Model	Chaowei Power	ZL200820083086.9	30 January 2008 to 29 January 2018

Type	Registrant	Patent number	Effective Period
Utility Model	Chaowei Power	ZL200820087851.4	28 May 2008 to 27 May 2018
Utility Model	Chaowei Power	ZL200820087852.9	28 May 2008 to 27 May 2018
Utility Model	Chaowei Power	ZL200520047547.3	15 December 2005 to 14 December 2015
Utility Model	Chaowei Power	ZL200520047552.4	15 December 2005 to 14 December 2015
Utility Model	Chaowei Power	ZL200520047731.8	20 December 2005 to 19 December 2015
Utility Model	Chaowei Power	ZL200520047732.2	20 December 2005 to 19 December 2015
Utility Model	Chaowei Power	ZL200620039126.0	23 January 2006 to 22 January 2016
Utility Model	Chaowei Power	ZL200620039057.3	19 January 2006 to 18 January 2016
Utility Model	Chaowei Power	ZL200520015557.9	14 October 2005 to 13 October 2015
Utility Model	Chaowei Power	ZL200520015071.5	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200520015072.X	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200520015073.4	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200520015074.9	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200520015075.3	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200520015077.2	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200520015078.7	23 September 2005 to 22 September 2015
Utility Model	Chaowei Power	ZL200720108670.0	29 April 2007 to 28 April 2017
Utility Model	Chaowei Power	ZL200720108544.5	25 April 2007 to 24 April 2017
Utility Model	Chaowei Power	ZL200720108669.8	29 April 2007 to 28 April 2017
Utility Model	Chaowei Power	ZL200720108671.5	29 April 2007 to 28 April 2017
Utility Model	Chaowei Power	ZL200720107576.3	2 April 2007 to 1 April 2017
Utility Model	Chaowei Power	ZL200720192706.8	27 November 2007 to 26 November 2017

Type	Registrant	Patent number	Effective Period
Design	Chaowei Power	ZL200630108681.X	29 April 2006 to 28 April 2016
Design	Chaowei Power	ZL200630108682.4	29 April 2006 to 28 April 2016
Design	Chaowei Power	ZL200630108683.9	29 April 2006 to 28 April 2016
Design	Chaowei Power	ZL200730110548.2	23 January 2007 to 22 January 2017
Design	Chaowei Power	ZL200730110810.3	30 January 2007 to 29 January 2017

Patent Applications

Type	Name of Registrant	Application number	Application date
Invention	Chaowei Power	200810059453.6	21 January 2008
Invention	Chaowei Power	200810061494.9	6 May 2008
Invention	Chaowei Power	200810061493.4	6 May 2008
Invention	Chaowei Power	200810061492.X	6 May 2008
Utility Model	Chaowei Power	200920113500.0	4 February 2009
Utility Model	Chaowei Power	200920113510.4	4 February 2009
Utility Model	Chaowei Power	200920113266.1	4 February 2009
Utility Model	Chaowei Power	200920113265.7	4 February 2009
Utility Model	Chaowei Power	200920113501.5	4 February 2009
Utility Model	Chaowei Power	200920158180.0	9 June 2009
Utility Model	Chaowei Power	200920121889.5	11 June 2009
Utility Model	Chaowei Power	200920121890.0	11 June 2009
Utility Model	Chaowei Power	200920192027.X	28 August 2009
Utility Model	Chaowei Power	200920192026.5	28 August 2009
Utility Model	Chaowei Power	200920192031.6	28 August 2009
Utility Model	Chaowei Power	200920192030.1	28 August 2009
Utility Model	Chaowei Power	200920192028.4	28 August 2009
Utility Model	Chaowei Power	200920192029.9	28 August 2009

3. Further Information about the Group's PRC Subsidiaries

(a) *Chaowei Power*

Nature of the company	Wholly foreign-owned enterprise
Term of business operation	From 23 December 2005 to 22 December 2025
Registered capital	RMB210 million
Attributable interest of our Company	100%
Scope of business	Manufacturing of MF lead-acid batteries (to expire on 6 February 2012), assembling of DC UPS power supply, manufacturing of electronic sensors, electronic lamps, battery raw materials, accessories, and parts (subject to license if so required by PRC laws and regulations)
Legal representative	Mr. Zhou

(b) *Changxing Zhongcheng*

Nature of the company	Domestic enterprise
Term of business operation	From 1 March 2002 to 28 February 2017
Registered capital	RMB10 million
Attributable interest of our Company	100%
Scope of business	Manufacturing of lead-acid batteries and electrode plates and sales of self-manufactured products
Legal representative	Mr. Zhou

(c) Henan Chaowei

Nature of the company	Domestic enterprise
Term of business operation	From 25 February 2004 to 24 February 2013
Registered capital	RMB10 million
Attributable interest of our Company	60%
Scope of business	Manufacturing and sales of lead-acid batteries, electrode plate, discharging
Legal representative	Mr. Zhou

(d) Shandong Chaowei

Nature of the company	Domestic enterprise
Term of business operation	Starting from 11 October 2005
Registered capital	RMB10 million
Attributable interest of our Company	100%
Scope of business	Assembling of DC UPS power supplies, manufacturing and sales of MF lead-acid batteries (to expire on 27 June 2010), electronic sensors, electronic lamps, battery raw materials, accessories, and parts (subject to license if so required by PRC laws and regulations)
Legal representative	Mr. Zhou

(e) *Jiangsu Chaowei*

Nature of the company	Domestic enterprise
Term of business operation	From 24 May 2006 to 24 June 2026
Registered capital	RMB5 million
Attributable interest of our Company	100%
Scope of business	Manufacturing and sales of lead-acid battery, import and export of the equipment used by the Company
Legal representative	Mr. Zhou

(f) *Anhui Chaowei*

Nature of the company	Domestic enterprise
Term of business operation	Starting from 23 April 2007
Registered capital	RMB10 million
Attributable interest of our Company	80%
Scope of business	Manufacturing and sales of lead-acid battery; Manufacturing, assembling and sales of electrode plates
Legal representative	Mr. Zhou

4. Further Information about our Directors

a. *Particulars of Directors' service contracts*

Each of our executive Directors, namely, Mr. Zhou Mingming, Mr. Zhou Longrui, and Ms. Yang Yunfei has entered into a service contract with our Company for an initial term of three years commencing from the date of Listing of our Shares on the Hong Kong Stock Exchange, which subject to compliance with the Hong Kong Listing Rules, is renewable by terms not exceeding three years upon expiry until terminated by not less than three months notice in writing served by either party on the other.

Our non-executive Director, namely Ms. Deng Xihong, and each of our independent non-executive Directors, namely Mr. Wang Jiqiang, Mr. Ouyang Minggao and Mr. Lee Conway Kong Wai has entered into an appointment letter with our Company for an initial term of three years commencing from the date of Listing of our Shares on the Hong Kong Stock Exchange.

Each of our Directors is entitled to the respective basic salary set out below (subject to an annual increment after consultation with remuneration committee at the discretion of the Directors).

All reasonable travelling, accommodation and other out-of-pocket expenses reasonably incurred by the Directors in the process of discharging their duties on behalf of our Group will be borne by our Company.

The current basic annual salaries of the each of our Directors are as follows:

Name of Director	Annual Salary
Zhou Mingming	RMB0.6 million
Zhou Longrui	RMB0.35 million
Yang Yunfei	RMB0.35 million
Deng Xihong	RMB0.2 million
Wang Jiqiang	RMB0.2 million
Ouyang Minggao	RMB0.2 million
Lee Conway Kong Wai	RMB0.2 million

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

b. Directors' remuneration during the Track Record Period

Our Company's policies concerning remuneration of executive Directors are (i) the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to our Company; and (ii) non-cash benefits may be provided to the Directors under their remuneration package.

For each of the three years ended 31 December 2007, 2008 and 2009 and the three months ended 31 March 2010, the aggregate of the remuneration paid and benefits in kind granted to the Directors by our Company and our subsidiaries was RMB0.4 million, RMB1.0 million, RMB0.7 million and RMB0.1 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2007, 2008 and 2009 by our Company to the Directors.

Under the arrangements currently in force, our Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, the Directors (excluding discretionary bonus) by our Company for the year ended 31 December 2010 will be approximately RMB1.1 million.

DISCLOSURE OF INTERESTS

1. Disclosure of Interests

- (a) *Interests and short positions of the Directors in the share capital of our Company and our associated corporations following the Global Offering and the Capitalization Issue*

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, the interests or short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of our Company and our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules, will be as follows:

Interests and short positions in the Shares, underlying shares and debentures of our Company and our associated corporations:

Long positions in our Company

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of interest in our Company/ associated corporations
Mr. Zhou ⁽¹⁾⁽²⁾	Interest in a controlled corporation	417,000,000	41.7%
Mr. Zhou Longrui ⁽³⁾	Interest in a controlled corporation and interest in spouse	72,450,000	7.24%
Ms. Yang Yunfei ⁽⁴⁾	Interest in a controlled corporation and interest in spouse	72,450,000	7.24%

Notes:

- (1) Mr. Zhou is interested in the entire issued share capital of Great State and is therefore deemed to be interested in the 345,585,000 Shares which Great State will held upon Listing.
 - (2) Mr. Zhou is interested in the entire issued share capital of Jolly Pride is therefore deemed to be interested in the 71,415,000 Shares which Jolly Pride will held upon Listing. In addition, pursuant to a trust deed dated 14 June 2010 and entered into between Mr. Zhou and Jolly Pride in favour of 53 individuals who are employees of our Group (the “**Jolly Pride Trust Deed**”), the economic interest of all the Shares which it held from time to time shall belong to the said 53 employees. However, other than the economic interest in the Shares, all other rights as Shareholders (including but not limited to voting rights and right to participate in shareholders meeting in our Company) shall not be exercisable by the said 53 employees and shall be exercised by Jolly Pride exclusively. As Mr. Zhou is the sole director of Jolly Pride, Mr. Zhou also controls the exercise of the rights of all the Shares held by Jolly Pride by virtue of the terms of the Jolly Pride Trust Deed.
 - (3) Mr. Zhou Longrui is interested in the entire issued share capital of High Joy and is therefore deemed to be interested in the 36,225,000 Shares which High Joy will held upon Listing. In addition, as Mr. Zhou Longrui is the spouse of Ms. Yang Yunfei, pursuant to the SFO, he is also deemed to be interested in the 36,225,000 Shares which Ms. Yang Yunfei is interested by reason of her being the sole shareholder of Shiny Century.
 - (4) Ms. Yang Yunfei is interested in the entire issued share capital of Shiny Century and is therefore deemed to be interested in the 36,225,000 Shares which Shiny Century will held upon Listing. In addition, as Ms. Yang Yunfei is the spouse of Mr. Zhou Longrui, pursuant to the SFO, she is also deemed to be interested in the 36,225,000 Shares which Mr. Zhou Longrui is interested by reason of him being the sole shareholder of High Joy.
- (b) *Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO*

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons are expected to have interests or short positions in the Shares or underlying shares of our Company which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to 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 member of the Group.

Interests and short positions in the Shares and underlying shares of the Group:

Our Company

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Zhou ⁽¹⁾⁽²⁾	Interest in controlled corporation	41,700,000	41.70%
Great State ⁽¹⁾	Beneficial owner	345,585,000	34.56%
Jolly Pride ⁽²⁾	Beneficial owner	71,415,000	7.14%
Mr. John Huan Zhao ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Chinese Academy of Sciences Holdings Co., Ltd. ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Employees' Shareholding Society of Legend Holdings Limited ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Chinese Academy of Sciences ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Legend Holdings Limited ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Right Lane Limited ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Hony Capital Management Limited ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Hony Capital Fund 2008 GP Limited ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Hony Capital Fund 2008 GP, L.P. ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Hony Capital Fund 2008, L.P. ⁽³⁾	Interest in controlled corporation	150,000,000	15%
Castle Lead	Beneficial owner	150,000,000	15.0%
Mr. Zhou Longrui ⁽⁴⁾	Interest in controlled corporation and interest in spouse	72,450,000	7.24%

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
High Joy	Beneficial owner	36,225,000	3.62%
Ms. Yang Yunfei ⁽⁵⁾	Interest in controlled corporation and interest in spouse	72,450,000	7.24%
Shiny Century	Beneficial owner	36,225,000	3.62%
Khazanah Nasional Berhad ⁽⁶⁾	Interest in controlled corporation	75,000,000	7.50%
Teluk Batik Investments (Cayman Islands) Limited	Beneficial owner	75,000,000	7.50%

Notes:

- (1) Mr. Zhou is interested in the entire issued share capital of Great State and is therefore deemed to be interested in all the Shares held by Great State.
- (2) Mr. Zhou is interested in the entire issued share capital of Jolly Pride is therefore deemed to be interested in all the Shares held by Jolly Pride. Pursuant to a trust deed dated 14 June 2010 and entered into by Mr. Zhou and Jolly Pride in favour of the 53 employees of our Group (the “**Jolly Pride Trust Deed**”), Jolly Pride declared that the economic interest of all the Shares which it held from time to time shall belong to the said 53 employees of our Group. However, other than the economic interest in the Shares, all other rights as holders of the Shares (including but not limited to voting rights and right to participate in shareholders meeting in our Company) shall not be exercisable by the said 53 employees shall be enjoyed by Jolly Pride exclusively. Mr. Zhou is the sole director of Jolly Pride.
- (3) Castle Lead is wholly-owned by Hony Capital Fund 2008, L.P. Hony Capital Fund 2008, L.P. is controlled by its sole general partner, Hony Capital Fund 2008 GP, L.P. Hony Capital Fund 2008 GP, L.P. is in turn controlled by its sole general partner, Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is wholly-owned by Hony Capital Management Limited, a company with limited liability and incorporated in the Cayman Islands, which is in turn owned as to 45% by Legend Holdings Limited (through its wholly-owned subsidiary, Right Lane Limited) and 55% by Mr. John Huan Zhao. Legend Holdings Limited is ultimately controlled and is owned as to 35% by the Employees’ Shareholding Society of Legend Holdings Limited, 36% by the Chinese Academy of Sciences (whose interest in Legend Holdings Limited are held through its wholly-owned subsidiary, Chinese Academy of Sciences Holdings Co., Ltd) and 29% by China Oceanwide Holdings Group. Each of Hony Capital Fund 2008, L.P., Hony Capital Fund 2008, L.P., Hony Capital Fund 2008 GP, L.P. and Hony Capital Fund 2008 GP Limited, Hony Capital Management Limited, Right Lane Limited, Legend Holdings Limited, Chinese Academy of Sciences, Employees’ Shareholding Society of Legend Holdings Limited, Chinese Academy of Sciences Holdings Co., Ltd., Mr. John Huan Zhao is interested in the 150,000,000 Shares which Castle Lead will held upon Listing pursuant to the SFO.
- (4) Mr. Zhou Longrui is interested in the entire issued share capital of High Joy and is therefore deemed to be interested in the 36,225,000 Shares which High Joy will held upon Listing. In addition, as Mr. Zhou Longrui is the spouse of Ms. Yang Yunfei, pursuant to the SFO, he is also deemed to be interested in the 36,225,000 Shares which Ms. Yang Yunfei is interested by reason of her being the sole shareholder of Shiny Century.

- (5) Ms. Yang Yunfei is interested in the entire issued share capital of Shiny Century and is therefore deemed to be interested in the 36,225,000 Shares which Shiny Century will hold upon Listing. In addition, as Ms. Yang Yunfei is the spouse of Mr. Zhou Longrui, pursuant to the SFO, she is also deemed to be interested in the 36,225,000 Shares which Mr. Zhou Longrui is interested in by reason of him being the sole shareholder of High Joy.
- (6) Teluk Batik Investments (Cayman Islands) Limited is wholly-owned by Khazanah Nasional Berhad, a public limited company incorporated in Malaysia which is the investment holding arm of the Malaysia Government. Khazanah Nasional Berhad is deemed to be interested in the 75,000,000 Shares which Teluk Batik Investments (Cayman Islands) Limited will hold upon Listing pursuant to the SFO.

Henan Chaowei

Name	Capacity/Nature of interest	Amount of registered capital interested	Approximate percentage of shareholding
Mr. Chai Chenglei (柴成雷)	Beneficial owner	RMB3 million	30%
Ms. Chai Qingqing (柴晴晴)	Beneficial owner	RMB1 million	10%

Anhui Chaowei

Name	Capacity/Nature of interest	Amount of registered capital interested	Approximate percentage of shareholding
Mr. Qian Haichun (錢海春)	Beneficial owner	RMB1.25 million	12.5%

2. Disclaimers

Save as disclosed in this prospectus:

- (a) the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately after completion of the Global Offering (taking no account of the Over-allotment Option or any Shares which may be issued pursuant to the grant of Shares under the Share Option Scheme or the exercise of options under the Share Option Scheme and the Capitalization Issue), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group;

- (b) none of the Directors has any interest or short position in any of the Shares, underlying Shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;
- (c) none of the Directors nor any of the parties listed in the section headed “Other Information – Consents of experts” of this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of the Directors nor any of the parties listed in the section headed “Other Information – Consents of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company’s business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “Other Information – Consents of experts” of this Appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- (f) none of the Directors or their associates (as defined in the Hong Kong Listing Rules) or the existing Shareholders (who, to the knowledge of the Directors, owns more than 5% of our Company’s issued share capital) has any interest in any of the five largest customers or the five largest suppliers of the Group.

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of all the Shareholders passed on 7 June 2010 and adopted by a resolution of the Board on 7 June 2010 (the “**Adoption Date**”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Hong Kong Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as mentioned in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimize their future performance and efficiency to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

- (a) subject to (b) and (c) below, the approval of all the shareholders of our Company for the adoption of the Share Option Scheme;
- (b) the approval of the Hong Kong Stock Exchange for the listing of and permission to deal in, a maximum of 100,000,000 Shares to be allotted and issued pursuant to the exercise of the Options in accordance with the terms and conditions of the Share Option Scheme; and
- (c) the commencement of dealing of the Shares on the Main Board of the Hong Kong Stock Exchange on the Listing Date.

3. Who may join

The Board may, at its absolute discretion, offer options (“**Options**”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Executive**”), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“**Employee**”);

- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.

(the persons referred above are the “**Eligible Persons**”)

4. **Maximum number of Shares**

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10 per cent. of the Shares in issue as of the Listing Date, excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option (the “**Scheme Mandate Limit**”) provided that:

- (a) our Company may at any time as the Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10 per cent. of the Shares in issue as of the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Hong Kong Listing Rules.

- (b) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Hong Kong Listing Rules.
- (c) The maximum number of 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 schemes of our Group shall not exceed 30% of our Company's issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

5. Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12 month period exceeds 1% of our Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant shall be separately approved by the shareholders of our Company in general meeting with such Eligible Person and his associates abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Hong Kong Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Company's shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

6. Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

7. Granting Options to Connected Persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Hong Kong Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Hong Kong Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who or whose associates is the Grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Hong Kong Listing Rules) or an independent non-executive Director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Hong Kong Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by shareholders of our Company (voting by way of a poll). Our Company shall send a circular to Shareholders containing the information required under the Hong Kong Listing Rules. All Connected Persons of our Company must abstain from voting in favour at such general meeting.

Approval from the shareholders of our Company is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates.

8. Offer period and number accepted

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the Grantee together with a remittance in favour of our Company of HK\$1 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date not later than 28 days after the Offer Date (the “**Acceptant Date**”). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Hong Kong Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

9. Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Hong Kong Listing Rules. In particular, no Option shall be granted during the period commencing two months immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Hong Kong 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 Hong Kong Listing Rules) and the deadline for our Company to publish an announcement of its results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules), and ending on the date of the results announcements.

10. Minimum holding period, vesting and performance target

Subject to the provisions of the Hong Kong Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the Grantee before the Option can be exercised.

11. Amount payable for Options

The amount payable on acceptance of an Option is HK\$1.

12. Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the 5 business days (as defined in the Hong Kong Listing Rules) immediately preceding the offer date.

13. Exercise of Option

- (i) An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the Option Period in the manner as set out in this Share Option Scheme by the Grantee (or his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or his legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the Grantee (or his legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.
- (ii) The exercise of any Option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter.
- (iii) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company.

- (iv) Subject as hereinafter provided:
- (a) in the event that the Grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;
 - (b) in the event that the Grantee ceases to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to the Group at the relevant time, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period;
 - (c) in the event that the Grantee ceases to be an Executive by reason of his transfer of employment to an Affiliate Company, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
 - (d) in the event that the Grantee ceases to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or termination on the ground of misconduct, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
 - (e) in the event that the Grantee ceases to be an Executive by reason of the termination of his employment by resignation or Culpable Termination, the Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of Culpable Termination) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Executive's Option has lapsed pursuant to this Clause 13.3(e) shall be final and conclusive;

- (f) if a Grantee being:
 - (i) an executive director of the Company ceases to be an Executive but remains a non-executive director, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or
 - (ii) a non-executive director of the Company ceases to be a director:
 - (1) by reason of Non-Executive Director Retirement, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or
 - (2) for reasons other than Non-Executive Director Retirement, his Option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
- (g) if:
 - (i) the Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Person; or
 - (ii) a Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Option or which were the basis on which the Option was granted,

the Option (to the extent not already exercised) shall lapse on the date on which the Grantee is notified thereof (in the case of (i)) or on the date on which the Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (ii)) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure, non-satisfaction or non-compliance. In the case of (i), a resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this Clause 10.3(g) shall be final and conclusive;

- (h) if a Grantee (being a corporation):
 - (i) has a liquidator or receiver appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee; or
 - (ii) has suspended, ceased or threatened to suspend or cease business; or
 - (iii) is unable to pay its debts; or
 - (iv) otherwise becomes insolvent; or
 - (v) suffers a change in its constitution, management, directors or shareholding which in the opinion of the Board is material; or
 - (vi) commits a breach of any contract entered into between the Grantee or his Associate and any member of the Group,

the Option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or on the date of suspension or cessation of business or on the date when the Grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by the Company that the said change in constitution, management, directors or shareholding is material or on the date of notification by the Company of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this Clause 13.3(h) by reason of breach of contract or material change in the constitution, management, directors or shareholding as aforesaid shall be final and conclusive;

- (i) if a Grantee (being an individual):
 - (i) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or
 - (ii) has made any arrangement or composition with his creditors generally; or
 - (iii) has been convicted of any criminal offence involving his integrity or honesty; or
 - (iv) commits a breach of any contract entered into between the Grantee or his Associate and any member of the Group,

the Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this Clause 13.3(i) for breach of contract as aforesaid shall be final and conclusive;

- (j) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of shareholders of our Company (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;

- (k) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the Grantees who have Options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of:
- (i) the Option Period;
 - (ii) the period of two months from the date of such notice; or
 - (iii) the date on which such compromise or arrangement is sanctioned by the court,

exercise in whole or in part his Option. Except insofar as exercised in accordance with this Clause 13.3(k), all Options outstanding at the expiry of the relevant period referred to in this Clause 13.3(k) shall lapse. Our Company may thereafter require each Grantee to transfer or otherwise deal with the Shares issued on exercise of the Option to place the Grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement; and

- (l) 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 on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two business days (as defined in the Hong Kong Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Hong Kong Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

14. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the re-opening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date.

A Share issued upon the exercise of an Option shall not carry rights until the registration of the Grantee (or any other person) as the holder thereof.

15. Life of Share Option Scheme

Subject to the terms of this Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

16. Lapse of Share Option Scheme

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of Option;
- (c) subject to the period mentioned in paragraph headed "Exercise of Option" in this section, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgement, order or award outstanding against the Grantee or our Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts; or

- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in the paragraph headed "Exercise of Option" in this section; or
- (f) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that our Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

17. Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the aggregate number of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalization issue), the auditors appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- (a) any such adjustments shall be made on the basis that the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- (b) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

- (c) any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Hong Kong Listing Rules and supplementary guidance on the interpretation of the Hong Kong Listing Rules issued by the Hong Kong Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Hong Kong Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Schemes); and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

18. Cancellation of Options not exercised

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the Grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the Grantee commits or permits or attempts to commit or permit a breach of the restriction on transferability of Option or any terms or conditions attached to the grant of the Option;
- (b) the Grantee makes a written request to the Board for the Option to be cancelled; or
- (c) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as of the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

19. Termination

Our Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

20. Transferability

The Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Scheme may be registered), except with the prior written consent of the Board from time to time. Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such Grantee.

21. Amendment

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the shareholders of our Company in general meeting, provided always that the amended terms of the Scheme shall comply with the applicable requirements of the Hong Kong Listing Rules: (i) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Scheme); (ii) any alteration to the provisions of the Scheme in relation to the matters set out in Rule 17.03 of the Hong Kong Listing Rules to the advantage of Grantee; and (iii) any alteration to the aforesaid termination provisions.

OTHER INFORMATION**1. Deed of indemnity**

Our Controlling Shareholders have, under the Deed of Indemnity referred to in paragraph (f) of the sub-section headed "Summary of the material contracts" in this Appendix, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things, (a) any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by any members of our Group by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in any relevant jurisdiction outside Hong Kong as a result or in consequence of any event or transaction occurring on or before the Relevant Date; (b) any Hong Kong estate duty which is or becomes payable by any member of our Group by the operation of the provisions of sections 34 to 45 (inclusive) of the Hong Kong Companies Ordinance as a result of the death of any individual who has before death made a Relevant Transfer to any member of our Group; (c) any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or alleged to have, or which should have been earned or accrued or received on or before the Listing Date; (d) any taxation claim which might be payable by any member of our Group under or by reason of any transfer of any property to any member of our Group or to any other person, entity or company made or deemed to have been made on or before the Listing Date; and (e) all damages, losses and liabilities arising from or in connection with any property claim and/or any other liability claim to the extent that the events leading to such damages, losses and liabilities occurred prior to the Listing Date and any such damages, losses and liabilities are not paid by the insurer under any relevant insurance policy (if any).

Our Controlling Shareholders will however, not be liable under the Deed of Indemnity for taxation claim or liability to the extent that:

- provision or allowance has been made for such taxation in the audited accounts of the Company and its subsidiaries as set out in Appendix I of this prospectus for the three years ended 31 December 2009 and the three months ended 31 March 2009;

- such taxation or liability would not have arisen but for any act or omission by any member of our Group voluntarily effected without the prior written consent or agreement of the Controlling Shareholders, otherwise than in the ordinary course of business after the Relevant Date when the conditions under the paragraph headed “Conditions of the Hong Kong Public Offering” in the section headed “Structure of the Global Offering” in this prospectus are fulfilled (“**Relevant Date**”) or carried out, made or entered into pursuant to a legally binding commitment created after the Relevant Date;
- such taxation or liability is discharged by another person who is not the Company or a member of the Group and that no member of our Group is required to reimburse such person in respect of the discharge of the taxation or liability;
- our Company is primarily liable as a result of any event occurring or income, profits or gains earned, accrued or received or transactions entered into in the ordinary course of business any member of our Group after the Listing Date; and
- such claim arises or is incurred as a consequence of any retrospective changes in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into effect after the Relevant Date or such claim arises or is increased by an increase in rates in taxation after the Relevant Date with retrospective effect.

Our Controlling Shareholders have also undertaken to indemnify our Group against any claims made against any member of our Group at any time arising from any matter, event or circumstance arising from any work-related accident of any employee would not covered by the medical and life insurance, any environmental issues encountered by members of our Group, and any non-compliance with any applicable laws and regulations by any member of our Group prior to the Listing or any litigation, arbitration or claim of material importance against members of our Group in relation to any matter, event or incident occurred prior to the Listing.

2. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition.

3. Preliminary Expenses

Our Company's estimated preliminary expenses are approximately HK\$37,180 and are payable by our Company.

4. Sponsor

The Sponsor made an application on our Company's behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, the grant of Shares that may be granted under the Share Option Scheme and the exercise of options that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

5. No Material Adverse Change

The Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 31 March 2010 (being the date to which our Company's latest audited consolidated financial statements were made up).

6. Binding Effect

This prospectus 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 Hong Kong Companies Ordinance so far as applicable.

7. Miscellaneous

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus,

- (a) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;
- (e) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (g) our Company has no outstanding convertible debt securities.

8. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
BNP Paribas	Licensed under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Zong Heng Law Firm	PRC legal advisers to our Company
Conyers Dill & Pearman	Cayman Islands legal advisers to our Company
Jones Lang LaSalle Sallmanns Limited	Independent professional surveyors and valuers
Atkins China	Independent environment consulting company

9. Consents of experts

Each of BNP Paribas, Deloitte Touche Tohmatsu, Zong Heng Law Firm, Conyers Dill & Pearman, Jones Lang LaSalle Sallmanns Limited and Atkins China has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Bilingual prospectus

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