

# 中国忠旺控股有限公司\*

## China Zhongwang Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1333

## GLOBAL OFFERING



### Joint Sponsors (in alphabetical order)



### Joint Global Coordinators and Joint Bookrunners (in alphabetical order)



### Joint Lead Managers (in alphabetical order)



\* For identification purposes only

If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional advisor.

# 中国忠旺控股有限公司\*

## China Zhongwang Holdings Limited

(incorporated in the Cayman Islands with limited liability)

### GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,400,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Public Offer Shares	:	140,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	1,260,000,000 Shares (subject to adjustment and the Over-allotment Option)
Offer Price	:	Not more than HK\$8.80 per Offer Share (payable in full on application, plus a brokerage of 1.0%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005% and subject to refund) and expected to be not less than HK\$6.80 per Offer Share
Nominal value	:	HK\$0.10 per Share
Stock code	:	1333

#### Joint Sponsors

(in alphabetical order)



#### Joint Global Coordinators and Joint Bookrunners

(in alphabetical order)



#### Joint Lead Managers

(in alphabetical order)



A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the registrar of companies in Hong Kong and available for inspection" in Appendix VII to this prospectus, has been registered by the registrar of companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the registrar of companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above. Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) at the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, April 30, 2009 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters), but in any event no later than Wednesday, May 6, 2009.

The Offer Price will be not more than HK\$8.80 per Offer Share and is currently expected to be not less than HK\$6.80 per Offer Share. Investors applying for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK\$8.80 per Offer Share, unless otherwise announced, together with a brokerage of 1.0%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$8.80. The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or indicative Offer Price range is so reduced, such applications cannot subsequently be withdrawn. Further details are set out in "Structure of the Global Offering." If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Wednesday, May 6, 2009, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

Pursuant to the force majeure provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Global Coordinators, on behalf of the Underwriters, have the right in certain circumstances, in the sole discretion of the Joint Global Coordinators, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the date when dealings in our Shares first commence on The Hong Kong Stock Exchange of Hong Kong Limited (such first dealing date is currently expected to be Friday, May 8, 2009). Further details of the terms of the force majeure provisions are set out in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold or delivered (i) within the United States in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A under the U.S. Securities Act or another exemption from registration under the U.S. Securities Act; and (ii) in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

\* For identification purposes only

April 24, 2009

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## EXPECTED TIMETABLE

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Our Company will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

2009<sup>(1)</sup>

Application lists open<sup>(2)</sup> . . . . . 11:45 a.m. on Wednesday, April 29

Latest time to complete electronic applications under  
**White Form eIPO** service through the designated  
website **www.eipo.com.hk**<sup>(4)</sup> . . . . . 11.30 a.m. on Wednesday, April 29

Latest time for lodging **WHITE** and **YELLOW** Application Forms  
and giving **electronic application instructions** to HKSCC<sup>(3)</sup> . . . . . 12:00 noon on  
Wednesday, April 29

Latest time to complete payment of **White Form eIPO**  
applications by effecting internet banking transfer(s)  
or PPS payment transfer(s) . . . . . 12:00 noon on Wednesday, April 29

Application lists close<sup>(2)</sup> . . . . . 12:00 noon on Wednesday, April 29

Expected Price Determination Date . . . . . Thursday, April 30

Announcement of the Offer Price and the indication  
of the levels of interest in the International Offering,  
the results of applications in respect of the Hong Kong  
Public Offering and the basis of allotment under  
the Hong Kong Public Offering to be published in  
the South China Morning Post (in English) and  
the Hong Kong Economic Times (in Chinese) on or before . . . . . Thursday, May 7

Results of allocations in the Hong Kong Public Offering  
(with successful applicants' identification document numbers,  
where appropriate) to be available through a variety of channels  
as described in the section entitled "How to Apply for  
the Hong Kong Public Offer Shares – Results of allocations" from . . . . . Thursday, May 7

Results of allocations in the Hong Kong Public Offering  
will be available at **www.iporeresults.com.hk** with a  
"search by ID" function. . . . . Thursday, May 7

Despatch of share certificates in respect of wholly or  
partially successful applications pursuant to  
the Hong Kong Public Offering on or before<sup>(5)</sup> . . . . . Thursday, May 7

Despatch of refund cheque in respect of wholly successful  
(if applicable) or wholly or partially unsuccessful applications  
pursuant to the Hong Kong Public Offering on or before<sup>(6)</sup> . . . . . Thursday, May 7

Dealings in Shares on the Hong Kong Stock Exchange to  
commence on . . . . . Friday, May 8

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(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering."

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## EXPECTED TIMETABLE

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- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 29, 2009, the application lists will not open and close on that day. Further information is set out in “Effect of bad weather conditions on the opening of the application lists” under the section headed “How to apply for Hong Kong Public Offer Shares” in this prospectus. If the application lists do not open and close on Wednesday, April 29, 2009, the dates mentioned in this section may be affected. A press announcement will be made by our Company in such event.
- (3) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “How to apply by giving electronic application instructions to HKSCC” under the section headed “How to apply for Hong Kong Public Offer Shares” in this prospectus.
- (4) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website, **www.eipo.com.hk**, after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (5) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Thursday, May 7, 2009 but will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the sub-paragraph headed “Grounds for termination” under the section headed “Underwriting” in this prospectus has not been exercised and has lapsed.
- (6) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

Applicants who apply on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have indicated in their applications that they wish to collect refund cheques and (where applicable) share certificates in person from our Company’s Hong Kong Share Registrar may collect refund cheques and (where applicable) share certificates in person from our Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Thursday, May 7, 2009. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for the applicants who apply on **YELLOW** Application Forms for Hong Kong Public Offer Shares is the same as that for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “How to apply by giving electronic application instructions to HKSCC” under the section headed “How to apply for Hong Kong Public Offer Shares” in this prospectus for details.

Uncollected share certificates and refund cheques will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in the relevant Application Forms promptly thereafter. Further information is set out in the section headed “How to apply for Hong Kong Public Offer Shares” in this prospectus.

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*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in the prospectus. Any information or representation not made in the prospectus must not be relied on by you as having been authorized by our Company, the Joint Global Coordinators, the Joint Sponsors, the Underwriters, any of their respective directors, or any other person involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read this section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are a leading aluminum extrusion products manufacturer in Asia and China, with a particular focus on the transportation sectors for our industrial aluminum extrusion products, and have strong research and development capabilities. According to the China Nonferrous Metals Industry Association (中國有色金屬工業協會), we were the largest aluminum extrusion products manufacturer in China in terms of production volume in 2007. According to CRU, we were the third largest aluminum extrusion products manufacturer in the world and the largest aluminum extrusion products manufacturer in Asia and China in terms of production capacity in 2007.<sup>(1)</sup> In 2007 and 2008, we produced over 303,000 tons and 419,000 tons of aluminum extrusion products, respectively. As of the Latest Practicable Date, our designated production capacity reached over 535,000 tons. The following table sets forth the breakdown of our production capacity and production volume for the Track Record Period:

	For and as of the year ended		
	December 31,		
	2006	2007	2008
Production capacity (ton) . . . . .	391,986.0	505,386.0	535,311.0
Production volume (ton). . . . .	243,712.3	303,313.6	419,466.0

We are principally engaged in the production and sale of quality aluminum extrusion products which meet customers' stringent specifications and quality standards. We produce a wide range of aluminum extrusion products for various applications, which we broadly classify into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

*Our industrial aluminum extrusion products:* We produce plain, sizable, large-section and high-precision aluminum extrusion products primarily used as parts and components for end products such as railway cargo and passenger carriages, metropolitan rails (subways and light rails), light trucks, automobiles, aircraft, vessels and power transmitters. Our industrial aluminum extrusion products are manufactured on a customized basis in accordance with our customers' specifications and quality standards.

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(1) For the identities of the major global aluminum extrusion products manufacturers, please refer to the table "Top 10 leading aluminum extrusion producers in the world in 2007 in terms of production capacity" in the section headed "Industry Overview – Major Global Aluminum Extrusion Producers."

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## SUMMARY

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*Our construction aluminum extrusion products:* Our construction aluminum extrusion products are primarily used in the fabrication of door frames and window frames, curtain wall systems, and interior decoration materials for building construction purposes. We concentrate on high-end construction aluminum extrusion products with complex surface finishing, which are used in upscale buildings and structures and are sub-categorized according to the method of surface finishing, including polishing, anodizing, electrophoresis coating, powder and wood-effect coating and PVDF coating, all of which require multiple steps of surface processing.

We are headquartered in Liaoyang City, Liaoning, China. Our manufacturing facilities are strategically located in Liaoning which is in close proximity to major production areas for aluminum ingots, coal and electricity, the principal raw material and energy sources used in the manufacturing of our products. We have continuously increased our production capabilities by establishing new extrusion production lines. As of the Latest Practicable Date, we had 64 aluminum extrusion presses, including a 125MN oil-driven dual action extrusion press (油壓雙動鋁擠壓機) which is currently the largest of its kind in China and one of the most advanced extrusion presses in the world, allowing us to produce large-section, high-precision aluminum extrusion products. Our machinery and equipment are primarily purchased and imported from manufacturers in Japan, Germany, Italy, Switzerland and Spain, which enable us to produce products that meet customers' specifications as well as international and PRC national standards. Our manufacturing facilities in Liaoyang have obtained ISO 9002 and ISO 9001 certifications for our quality management system since 1997 and 2003, respectively, and ISO 14001 certification for our environment management system since 2003.

We have a diverse base of domestic and overseas customers which include large-scale transportation customers in the railway, metropolitan conductor rail, automobile, shipbuilding and aircraft industries, manufacturers of industrial equipment and machinery, real estate developers, and wholesalers of construction materials and construction companies. We have established long-term relationships with customers with whom we have business dealings for four years or more in various end-user markets.

For example, since 2004, the MOR has designated our Company as one of the few qualified suppliers for the manufacture of its cargo and passenger carriages. We have since entered into framework agreements with four state-owned enterprises which are major suppliers of the MOR, namely, Qiqihaer Rail and Transportation Equipment Co., Ltd. (齊齊哈爾軌道交通裝備有限責任公司), Zhuzhou Carriage Factory of China South Locomotive & Rolling Group Limited (中國南車集團株洲車輛廠), Beijing 27 Carriage Factory of China South Locomotive & Rolling Group Limited (中國南車集團北京二七車輛廠) and Baotou Beifang Chuangye Company Limited (包頭北方創業股份有限公司). We also provide industrial aluminum extrusion products to conductor rail manufacturers for use in metropolitan railways (subways and light rails). For example, we have entered into framework contracts with major conductor rail manufacturers in the PRC, including Changzhou Track Drive Vehicle Traction Engineering Research Center (常州軌道車輛牽引傳動工程技術研究中心), Baoji Dekang City Railway Equipment Co., Ltd. (寶雞德康城市鐵道專用器材有限公司), Shaanxi Jungle Aluminum Co., Ltd. (陝西叢林鋁材有限公司) and Xi'an Yingqiang Power Engineering Material Co., Ltd.



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## SUMMARY

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(西安英強電力工程材料有限公司). These framework contracts, which are entered into on an annual basis, are legally binding and typically set out: (i) estimated volume of purchase; (ii) pricing method for each product type; (iii) the quality specifications and technical standards for each product type; (iv) the place of delivery for each shipment; (v) the method of transport and freight payment terms; (vi) method of inspection and standards (including time limits) for acceptance or rejection of shipment; (vii) settlement and payment terms; and (viii) the effective and execution dates of each such contract. However, none of the framework contracts state the exact amount of purchase; rather, these framework contracts provide the estimated volume of purchase and pricing method, under which our selling price will be determined with reference to market price of aluminum ingots plus a predetermined processing fee. Our major customers in the automobile sector include automobile components manufacturers such as Cascade Xiamen Forklift Truck Attachment Co., Ltd. (卡斯卡特(廈門)叉車屬具有限公司) and Lingyun Industrial Corporation Ltd. (凌雲工業股份有限公司). Our other major customers include Xi'an Feibao Airport Equipment Co., Ltd. (西安飛豹空港設備有限責任公司), a subsidiary of a major aircraft producer in China; China CREC Railway Electrification Bureau Group Baoji Equipment Co., Ltd. (中鐵電氣化局集團寶鷄器材有限公司), a supplier for railway contact networks; and a major shipbuilder in Australia.

In addition, in February 2009, we entered into a strategic cooperation agreement with Beijing CNR Logistics Development Company Limited (北京北車物流發展有限責任公司) for and on behalf of its parent company, China CNR Corporation Limited ("China CNR") (中國北車股份有限公司). In March 2009, we entered into a strategic cooperation agreement with CSR Investment Lease Co., Ltd. (南車投資租賃有限公司) for and on behalf of its parent company, China South Locomotive & Rolling Stock Corporation Limited ("China CSR") (中國南車股份有限公司). Both China CNR and China CSR are major state-owned enterprises in China focusing on the manufacture of transportation equipment and machinery. Under these strategic cooperation agreements, which are non-binding, China CNR and China CSR have indicated their intention to purchase industrial aluminum extrusion products from our Company subject to meeting their quality standards and specifications and to provide assistance to our research and development efforts, while we will offer our products to China CNR and China CSR at preferential prices.

We use a combination of our own direct sales and marketing teams and a network of distributors to market and sell our products. Our sales and marketing teams sell and promote our products directly to customers in a variety of end-user markets, such as railway and construction companies, and participate in tender exercises for construction projects. In 2006, 2007 and 2008, direct sales accounted for 60.1%, 68.1% and 87.1% of our revenue, respectively, while sales through distributors accounted for 39.9%, 31.9% and 12.9% of our revenue, respectively. As of December 31, 2008, our sales and marketing teams consisted of 196 personnel, with 176 employees focused on the PRC domestic market and 20 employees on export sales, and a nationwide sales network of 17 distributors in China. In addition, we have four international distributors which mainly cover our overseas markets in North America, Europe and Australia.

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## SUMMARY

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Our “Zhongwang” brand (忠旺牌) construction aluminum extrusion profile was granted the “China Prestigious Product” award (中國名牌產品) by the AQSIQ and the “China Well-known Trademark” award (中國馳名商標) by the Trademark Office of the SAIC in 2004, and received the “Gold Cup Champion in Quality Nonferrous Metal Products” award (有色金屬產品實物質量金杯獎) from the China Nonferrous Metals Industry Association in 2006. In addition to these awards, our products have received a number of accreditations from well-known domestic and international organizations, signifying our high product quality and recognizable brand name. In 2003, we received a “Certificate for Product Exemption from Quality Surveillance Inspection” from the AQSIQ. In addition, we are the only manufacturer in East Asia to have received a license certificate from QUALICOAT, an internationally recognized quality label organization committed to maintaining and promoting the quality of lacquering, painting and coating on aluminum and its alloys for architectural applications, authorizing us to use its “QUALICOAT” symbol to denote the high quality coating of our products. We have been accredited by Det Norske Veritas, one of the world’s leading classification societies, for our supply of aluminum extrusion products used in the manufacture of vessels. Furthermore, we are also the only manufacturer in China which is a member of the Metals Service Center Institute of the United States, whose members constitute the single largest group of metals purchasers in North America. This membership provides us information about market trends in the global aluminum industry and a competitive edge over our competitors in China. Through attending various members-only conferences organized by Metals Service Institute of the United States, we have been able to promote our products and brand name to other members and further develop our business in North America. In addition, we have recently qualified as an approved supplier to ALSTOM Holdings, a major global manufacturer of equipment for the passenger rail industry, by passing its strict qualification testing procedures which cover key areas of our operations such as management, production, integrated logistics, services, environmental, health and safety, non-conformity, corrective and preventive actions, and employee training. We have commenced business with ALSTOM Holdings since December 2008. Being chosen by the relevant authorized project contractors based on our product quality and brand reputation, our products have been selected and used in several large-scale national construction projects in China, such as Terminal Three of the Beijing Capital International Airport, the 2008 Olympic Games venues in Beijing and the 2010 World Expo in Shanghai.

We have established a research and development center that focuses on product design and quality control to meet various customers’ specifications and quality standards. In addition, we collaborate with leading research institutions and universities, such as Xi’an Heavy Machinery Research Institute (西安重型機械研究所), First Aircraft Institute of AVIC-1 (中國一航第一飛機設計研究院) and Northeastern University of China (中國東北大學), in the research and development of our products and the improvement of our manufacturing techniques. We have also purchased equipment and instruments from Shimadzu (Hong Kong) Ltd. and Carl Zeiss, Inc. for our research and development center. Moreover, we have an in-house die design team that allows us to produce customized dies which are tailored to customers’ specifications and layouts. As of the Latest Practicable Date, we held 176 patents for layout designs in China, details of which are provided in the section headed “Intellectual property rights of our Group” in Appendix VI to this prospectus.

## SUMMARY

The following table sets out the breakdown of our revenue and gross profit margin by product category for the years indicated:

	For the year ended December 31,								
	2006			2007			2008		
	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin
	RMB million	%	%	RMB million	%	%	RMB million	%	%
Industrial aluminum									
extrusion products . . . . .	1,613.6	26.6	31.5	2,787.5	37.1	36.1	6,224.9	55.3	39.8
Construction aluminum									
extrusion products . . . . .	4,461.6	73.4	13.5	4,733.7	62.9	12.9	5,039.6	44.7	12.4
Total . . . . .	<u>6,075.2</u>	<u>100.0</u>	18.3	<u>7,521.3</u>	<u>100.0</u>	21.5	<u>11,264.4</u>	<u>100.0</u>	27.5

We have achieved significant revenue and earnings growth in recent years. For the three years ended December 31, 2008, we had revenue of RMB6,075.2 million, RMB7,521.3 million and RMB11,264.4 million, respectively, representing a CAGR of approximately 36.2% from 2006 to 2008. Our net profit for the same periods was RMB551.4 million, RMB852.2 million and RMB1,910.4 million, respectively, representing a CAGR of approximately 86.1% from 2006 to 2008. The increases in our revenue and net profit during the Track Record Period were primarily due to increased sales volume of our aluminum extrusion products, particularly for industrial aluminum extrusion products that command higher profit margins. Sales volume of our aluminum extrusion products increased from approximately 266,479 tons in 2006 to 307,398 tons in 2007 and to 430,857 tons in 2008, primarily due to the increasing demand for our products as a result of the growing reputation of our brand and our high-quality products.

As a result of our business strategy to increase our penetration of the industrial market, which has shown increasing demand from customers and provided a higher profit margin than the construction market, during the Track Record Period, our sales of industrial aluminum extrusion products increased significantly and accounted for 26.6%, 37.1% and 55.3% of our revenue, respectively, while our sales of construction aluminum extrusion products accounted for 73.4%, 62.9% and 44.7% of our revenue, respectively.

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## SUMMARY

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### OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are key factors to our success to date and will enable us to continue to increase market share and capture the anticipated future growth in the aluminum extrusion market.

- Established market leadership in the industry
- High quality industrial products with a particular focus on the transportation sectors
- Advanced technology, research and development and die design capabilities
- Leading production capabilities and advanced equipment
- Diverse and stable customer base
- Experienced management team with significant industry expertise

### OUR STRATEGY

We aim to strengthen our leading position in the aluminum extrusion industry in China and to become the world's leading manufacturer of aluminum extrusion products. We will continue to strive to achieve sustainable growth of our businesses and ensure that we remain competitive. To achieve this, we intend to focus on the following strategies:

- Expand production capacity to increase our market penetration in the industrial market, with a particular focus on transportation sectors
- Expand into the downstream sectors of industrial aluminum extrusion products, particularly for transportation sectors
- Further enhance research and development capability

## SUMMARY

### SUMMARY FINANCIAL INFORMATION

The following is a summary of the Group's consolidated results for the three years ended December 31, 2008 extracted from "Appendix I – Accountants' Report" to this prospectus. The results were prepared on the basis of the presentation as set out in the above mentioned Accountants' Report. The summary financial data should be read in conjunction with the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

#### Consolidated income statements

	For the year ended December 31,		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Revenue . . . . .	6,075,225	7,521,266	11,264,429
Cost of sales . . . . .	<u>(4,965,679)</u>	<u>(5,906,555)</u>	<u>(8,162,134)</u>
Gross profit . . . . .	1,109,546	1,614,711	3,102,295
Investment income . . . . .	51,619	42,062	74,107
Other income . . . . .	9,256	13,455	32,999
Selling and distribution costs . . . . .	(115,725)	(122,442)	(169,921)
Administrative and other operating expenses . . . . .	(77,547)	(84,851)	(108,946)
Finance costs . . . . .	<u>(208,598)</u>	<u>(289,585)</u>	<u>(286,573)</u>
Profit before taxation . . . . .	768,551	1,173,350	2,643,961
Taxation . . . . .	<u>(217,125)</u>	<u>(321,192)</u>	<u>(733,523)</u>
Profit for the year . . . . .	<u>551,426</u>	<u>852,158</u>	<u>1,910,438</u>
Dividends			
– recognized as distributions during the year . . . . .	<u>–</u>	<u>–</u>	<u>2,000,000</u>
– proposed . . . . .	<u>–</u>	<u>–</u>	<u>1,000,000</u>
Earnings per share			
Basic (RMB) . . . . .	<u>0.14</u>	<u>0.21</u>	<u>0.48</u>

## SUMMARY

### Consolidated balance sheets

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	2,869,057	3,271,826	3,304,694
Investment properties . . . . .	26,880	25,470	–
Prepaid lease payments . . . . .	107,883	107,472	65,190
Deposits for acquisition of property, plant and equipment . . . . .	329,562	356,850	4,027
	<u>3,333,382</u>	<u>3,761,618</u>	<u>3,373,911</u>
<b>Current assets</b>			
Inventories . . . . .	1,595,811	1,359,595	1,058,768
Trade receivables . . . . .	638,682	686,694	523,905
Other receivables, deposits and prepayments . . .	1,253,743	1,219,548	2,386,851
Prepaid lease payments . . . . .	2,327	2,370	1,472
Amounts due from related parties . . . . .	150,612	20,536	22,170
Held-for-trading investments . . . . .	3,919	2,724	1,431
Pledged bank deposits . . . . .	1,539,607	1,126,130	1,230,750
Bank balances and cash . . . . .	1,711,672	2,833,543	4,261,817
	<u>6,896,373</u>	<u>7,251,140</u>	<u>9,487,164</u>
<b>Current liabilities</b>			
Trade payables . . . . .	53,453	23,781	24,820
Bills payable . . . . .	2,698,366	2,146,488	2,351,200
Other payables and accrued charges . . . . .	123,451	175,375	258,574
Amounts due to related parties . . . . .	1,649,432	1,561,472	320
Tax liabilities . . . . .	217,126	321,192	200,447
Short term debenture . . . . .	668,474	593,550	2,000,000
Bank loans . . . . .	1,746,973	2,636,262	2,640,638
Dividend payable . . . . .	–	–	2,000,000
	<u>7,157,275</u>	<u>7,458,120</u>	<u>9,475,999</u>
Net current (liabilities) assets . . . . .	<u>(260,902)</u>	<u>(206,980)</u>	<u>11,165</u>
Total assets less current liabilities . . . . .	<u>3,072,480</u>	<u>3,554,638</u>	<u>3,385,076</u>
<b>Capital and reserves</b>			
Paid-in capital/share capital . . . . .	394,299	394,299	350,877
Reserves . . . . .	2,048,181	2,900,339	2,854,199
	<u>2,442,480</u>	<u>3,294,638</u>	<u>3,205,076</u>
<b>Non-current liabilities</b>			
Bank loans . . . . .	630,000	260,000	130,000
Deferred tax liabilities . . . . .	–	–	50,000
	<u>630,000</u>	<u>260,000</u>	<u>180,000</u>
	<u>3,072,480</u>	<u>3,554,638</u>	<u>3,385,076</u>

As of December 31, 2006 and 2007, we had net current liabilities of approximately RMB260.9 million and RMB207.0 million, respectively. As of December 31, 2008, we had net current assets of approximately RMB11.2 million.

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## SUMMARY

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### Consolidated cash flow statements

	For the year ended December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Net cash from operating activities . . . . .	940,521	1,938,013	3,158,865
Net cash (used in) from investing activities. . .	(994,194)	(117,734)	37,374
Net cash from (used in) financing activities . .	398,285	(698,408)	(1,767,965)
Cash and cash equivalents			
at beginning of year <sup>(1)</sup> . . . . .	1,367,060	1,711,672	2,833,543
Cash and cash equivalents			
at end of year <sup>(1)</sup> . . . . .	1,711,672	2,833,543	4,261,817

(1) The balances represented our bank and cash balances as of each of the year-end dates during the Track Record Period.

### PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2009

The following unaudited pro forma forecast basic earnings per Share has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2009. This unaudited pro forma forecast basic earnings per Share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of financial results of the Group following the Global Offering.

For the six months ending June 30, 2009

Forecast consolidated profit after taxation<sup>(1)</sup> . . . . .not less than RMB1,350 million  
Unaudited pro forma forecast basic earnings per Share<sup>(2)</sup> . . . . .approximately RMB0.25  
(approximately HK\$0.28)

(1) Our forecast consolidated profit after taxation for the six months ending June 30, 2009 is extracted from the section headed "Financial Information – Profit forecast for the six months ending June 30, 2009" in this prospectus. The bases on which the above profit forecast for the six months ending June 30, 2009 has been prepared are summarized in Appendix III to this prospectus.

Our forecast consolidated profit after taxation for the six months ending June 30, 2009 prepared by our Directors is based on the unaudited management accounts of the Group for the two months ended February 28, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending June 30, 2009. We have undertaken to the Hong Kong Stock Exchange that our interim report for the six months ending June 30, 2009 will be audited pursuant to Rule 11.18 of the Hong Kong Listing Rules. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Company as summarized in the "Accountants' Report" as set out in Appendix I to this prospectus.

(2) The calculation of the unaudited pro forma forecast basic earnings per Share is based on the forecast consolidated results of our Company for the six months ending June 30, 2009, assuming the Global Offering had been completed on January 1, 2009 and a total of 5,400,000,000 Shares in issue during the entire period, taking no account of any additional income the Group may have earned from the estimated net proceeds from the Global Offering, any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option, grants of Shares under the Pre-IPO Share Option Scheme or the Share Option Scheme.

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## SUMMARY

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### USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$7.80 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK\$10,586.0 million. We currently intend to apply such net proceeds for the following purposes:

- approximately 35%, or HK\$3,705.1 million, for the expansion of our production capacity and penetration of the industrial market, particularly in the transportation sectors, by installing additional production lines for our industrial aluminum extrusion products. In addition, we may accomplish this goal by selectively acquiring reputable aluminum extrusion products manufacturers with growth potential in the production of industrial aluminum extrusion products. As of the date of this prospectus, we have not yet identified any suitable targets;
- approximately 35%, or HK\$3,705.1 million, to purchase manufacturing equipment and facilities for the production of downstream value-added industrial aluminum extrusion products which we expect will expand our product offerings and enhance our competitiveness;
- approximately 15%, or HK\$1,587.9 million, to repay existing debts due and payable in the next 12 months. Upon Listing, we will determine the priority of loans to be repaid based on the maturity dates of existing banking facilities and interest rates;
- approximately 5%, or HK\$529.3 million, for the enhancement of our research and development activities and facilities; and
- approximately 10%, or HK\$1,058.6 million, for working capital and general corporate purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

Any additional net proceeds that we would receive from any exercise at any price within the stated Offer Price range, in full or in part, of the Over-allotment Option may be applied in the manner and the proportions stated above.

To the extent that our net proceeds are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term interest bearing deposits and/or money market instruments.



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## SUMMARY

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### GLOBAL OFFERING STATISTICS

We have compiled the Global Offering statistics on the assumption that the Over-allotment Option is not exercised. We have calculated these offering statistics by translating Renminbi amounts into Hong Kong dollars at the rate of HK\$1.00 = RMB0.8814, being the rate published by the PBOC on April 17, 2009. The indicative offer prices of HK\$6.80 and HK\$8.80 per Offer Share do not include the 1% brokerage fee, 0.004% Securities and Futures Commission transaction levy and 0.005% Hong Kong Stock Exchange trading fee, which are payable by investors under the Global Offering.

	<b>Based on indicative offer price of HK\$6.80 per Offer Share</b>	<b>Based on indicative offer price of HK\$8.80 per Offer Share</b>
Our market capitalization upon completion of the Global Offering <sup>(1)</sup> . . . . .	HK\$36,720 million	HK\$47,520 million
Pro forma price/earnings multiple <sup>(2)</sup> . . . . .	16.94 times	21.92 times
Unaudited pro forma adjusted net tangible asset value per Share <sup>(3)</sup> . . . . .	HK\$2.38	HK\$2.89

(1) The calculation of the market capitalization is based on the assumption that 5,400,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option or under the Pre-IPO Share Option Scheme or the Share Option Scheme).

(2) Our pro forma price/earnings multiple in the above table is based on each indicative offer price and the pro forma basic earnings per Share for the year ended December 31, 2008.

(3) The unaudited pro forma adjusted net tangible asset value per Share in the above table is calculated after the adjustments referred to in the section entitled "Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets" in this prospectus and on the basis of 5,400,000,000 Shares in issue immediately following the Global Offering (excluding any Shares which may be issued under the Over-allotment Option or under the Pre-IPO Share Option Scheme or the Share Option Scheme).

### DIVIDEND AND DIVIDEND POLICY

The recommendation of the payment of dividend is subject to the discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of the Shareholders. In October 2008, our Company declared a dividend (in respect of the dividend distribution receivable indirectly from Zhongwang PRC for 2007) in the amount of RMB2.0 billion and the dividend was paid to ZIGL in April 2009. In April 2009, our Company declared a final dividend for 2008 in the amount of RMB1.0 billion, and the dividend will be paid to ZIGL prior to the Listing. For the avoidance of doubt, the holders of Offer Shares will not be entitled to any of the aforesaid dividends. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of the shareholders of our Company. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

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## SUMMARY

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Our Directors currently intend to recommend a distribution to all Shareholders in an amount representing not less than 25% of the distributable net profit attributable to the equity holders of our Company in each of the financial years following the Listing (that is, for the avoidance of doubt, for 2009 and thereafter) by way of dividend.

Any dividend declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividend in Hong Kong dollars. Our Directors believe that our dividend policy mentioned above will not adversely affect the working capital position of our Group.

Future dividend payments will also depend upon the availability of dividends received from our subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

### **NON-COMPLIANCE MATTERS**

As all of our operations are in China, we are required to conduct our business in compliance with PRC laws and regulations. However, certain of our past activities were not in compliance with the relevant PRC laws and regulations.

*Bill financing.* In the past, we obtained funding for our business operations through issuing bank acceptance notes in amounts that were greater than the actual amounts of our total purchases from the relevant suppliers (“overstated bill financing”). As the discounted interest rates of bank acceptance notes are normally lower than the prevailing interest rates for short-term bank loans, to take advantage of these lower interest rates, we used the overstated bill financing arrangements to fund a significant portion of our business operations from January 2005 to November 2007. In 2005, 2006, 2007 and 2008, the amount of the overstated bill financing, being the difference between the aggregate amount of related bank acceptance notes issued and the aggregate amount of related actual purchases, was approximately RMB2,503.9 million, RMB4,315.8 million, RMB1,105.3 million and nil, respectively. The funding for our business operations obtained from the banks through such overstated bill financing in 2005, 2006, 2007 and 2008 was estimated to be approximately RMB626.0 million, RMB1,078.9 million, RMB276.3 million and nil, respectively. We ceased the overstated bill financing activities in November 2007 and fully settled all bank acceptance notes involved in the overstated bill financing arrangements in May 2008. We have since engaged an independent internal controls advisor, strengthened our internal controls system and implemented various rectifying measures to ensure that such overstated bill financing activities will not occur in the future. For details, please refer to the sections headed “Business – Bill financing” and “Business – Internal controls” in this prospectus.

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## SUMMARY

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*Registered capital of Zhongwang PRC.* There have been occasions where former shareholders of Zhongwang PRC (whose interest in Zhongwang PRC was directly or indirectly beneficially owned by Mr. Liu, our Controlling Shareholder) failed to make the required contributions for increases in registered capital of Zhongwang PRC on schedule pursuant to approvals obtained from the relevant PRC authorities and resolutions passed by the board of Zhongwang PRC. The shareholders of Zhongwang PRC subsequently paid in full their respective contributions to the registered capital in July 2003 and April 2004. However, in May 2007, when Zhongwang PRC increased its registered capital to US\$140 million, its shareholders failed to make the required contributions for such increase as we were considering the feasibility of the overall reorganization plan for our Group as well as the time required for the requisite approvals. Subsequently, shareholders of Zhongwang PRC paid the requisite 20% contribution of the registered capital increase in August 2008, and obtained no-action letters and approval for extension of time from the relevant PRC authorities to pay the remaining outstanding registered capital contributions by May 2009. For details, please refer to the section headed “Regulations – Past non-compliance with PRC laws and regulations” in this prospectus.

*Social security and housing provident fund contributions.* We failed to pay certain social security contributions and housing provident fund contributions for and on behalf of our employees due to differences in local regulations and inconsistent implementation or interpretation by local authorities in the PRC, different levels of acceptance of the social security system by employees, as well as insufficient knowledge on our part of the social security system. Starting in January 2009, we commenced withholding the relevant portion from salaries as well as paying the corresponding amount of social security and housing provident fund contributions in respect of all eligible employees. As of December 31, 2008, we had an outstanding provision of approximately RMB24.8 million in respect of the overdue social security and housing provident fund contributions for the Track Record Period. For details, please refer to the section headed “Regulations – Past non-compliance with PRC laws and regulations” in this prospectus.

*Environmental approvals for construction projects.* We failed to file environmental impact assessment reports and obtain completion certificates in respect to certain construction projects due to the gradual process of formation of the local environmental regulation framework, ambiguity in the interpretation and enforcement of applicable PRC environmental laws and regulations and the resultant operational irregularities in our compliance with certain procedures prescribed by the relevant PRC laws and regulations. We have retroactively filed all required environmental impact assessment reports and obtained approval for each such report and completion certificates for all our construction projects from the relevant environmental protection authority. For details, please refer to the section headed “Business – Environmental and safety regulations” in this prospectus.

We have ceased to conduct all non-compliant activities noted above, performed proper rectification measures and actions, and obtained indemnity from our Controlling Shareholders for each of these past non-compliant activities. In addition, we have strengthened our internal controls system and engaged an independent internal control advisor to examine and evaluate our internal control measures and policies. For details, please refer to the section headed “Business – Internal Controls” in this prospectus. Save as disclosed in this prospectus, we were in compliance with all relevant PRC laws and regulations during the Track Record Period.

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## SUMMARY

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### RISK FACTORS

Our operations and the industry in which we operate and the Global Offering involve certain risks, a summary of which is set forth in the section headed "Risk Factors" in this prospectus. These risks can be classified as follows:

#### Risks relating to our business

- If we are unable to obtain aluminum ingots, our principal raw material, at a competitive price, our results of operations may be affected.
- If the end-user markets of our aluminum extrusion products do not grow as we expect or grow at a slower rate than we expect or decrease, our financial condition and results of operations may be adversely affected.
- Changes in the products or manufacturing processes of the companies that use our aluminum extrusion products may adversely affect our business.
- Our customers may reduce their demand for aluminum extrusion products in favor of alternative materials.
- We derive a substantial portion of our sales from China.
- We had net current liabilities as of December 31, 2006 and 2007.
- Our business, reputation and brand may be materially and adversely affected by actions taken by our distributors.
- The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations.
- We may require additional capital in the future, which may not be available or may only be available on unfavorable terms.
- If we cannot manage our growth or optimize our product mix, our operating results, margins and net profit could be adversely affected.
- Our future success depends on our ability to retain our executive Directors and senior management.
- We manufacture our products at a group of factories located in a single location in Liaoning, China. Any disruption in our manufacturing facilities could materially and adversely affect our business, financial condition and results of operations.
- We may face increased energy costs and/or insufficient energy supply.
- The interests of Mr. Liu, our founder, president, chairman and Controlling Shareholder, may differ from those of our Group and our other shareholders, and Mr. Liu has the ability to cause us to make decisions that may not be in the best interests of our other shareholders.

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## SUMMARY

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- Our non-compliance with certain social security and housing provident fund contribution regulations in the PRC could lead to the imposition of fines or penalties.
- We may not be able to adequately protect proprietary rights to our technology.
- Product liability claims against us could result in significant costs or negatively affect our reputation and could adversely affect our results of operations.
- We may not maintain sufficient insurance coverage for the risks associated with our business operations.

### **Risk relating to our industry**

- If we are unable to compete successfully, our financial condition and results of operations may be adversely affected.
- Any environmental claims or failure to comply with any present or future environmental regulations may require us to spend additional funds and may materially and adversely affect our financial condition and results of operations.
- Future changes in laws, regulations or enforcement policies in China could adversely affect our business.

### **Risks relating to doing business in the PRC**

- Changes in China's economic, political and social conditions could adversely affect our financial condition and results of operations.
- Uncertainties with respect to the PRC legal system could have a material adverse effect on us.
- Governmental control of currency conversion may affect the value of your investment.
- Recent changes to the PRC tax laws have decreased the tax rate applicable to our business; however, any future changes to the PRC tax laws could adversely affect our financial condition and results of operations.
- Changes in or discontinuations of the export tax incentive regime or any financial incentives currently available to us in the PRC could reduce our profitability.
- We face foreign exchange and conversion risks, and fluctuation in the value of the Renminbi may have a material adverse effect on your investment.
- Inflation in China could negatively affect our growth and profitability.
- We face risks related to health epidemics and other outbreaks.

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## SUMMARY

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### **Risks relating to the Global Offering**

- There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile.
- Purchasers of our Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.
- Future sales by our existing shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares.
- Forward-looking information may prove inaccurate.
- Certain facts and other statistics with respect to China, the PRC economy and the global and PRC aluminum extrusion industries in this prospectus are derived from various official government sources and may not be reliable.
- You should read the entire prospectus carefully and rely only on the information contained in this prospectus in making your investment decision. We strongly caution you against any reliance on any information contained in press articles or other media reports not prepared or approved by us.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.*

"Application Form(s)"	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"AQSIQ"	General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局)
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on April 15, 2009, to become effective upon the Listing, and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"Board"	the board of Directors of our Company
"Bridging Portion of the Term Loan"	the amount of US\$195,535,000, being a part of the principal of the Term Loan
"BVI"	the British Virgin Islands
"Cayman Islands Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

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## DEFINITIONS

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“CC Plastics”	Cheng Cheng Plastics, Inc., a United States incorporated company owned by Mr. Liu Zhongsuo. Mr. Liu Zhongsuo is the vice president of our Group and the brother of Mr. Liu
“Cheng Cheng”	遼寧程程塑料有限公司 (Liaoning Chengcheng Plastics Co., Ltd.*), a PRC established enterprise indirectly wholly-owned by Mr. Liu
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of China and Taiwan
“CITIC Securities”	CITIC Securities Corporate Finance (HK) Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “we” or “us” or “our”	China Zhongwang Holdings Limited (中國忠旺控股有限公司*), a limited liability company incorporated in the Cayman Islands on January 29, 2008 under the Cayman Islands Companies Law, or where the context refers to any time prior to its incorporation, those businesses and operations which were assumed by it pursuant to the Reorganization, or where the context requires, any of the businesses and operations that is or was carried on by any member of our Group
“Controlling Shareholder”	ZIGL and/or, except where the context otherwise requires, Mr. Liu, who owns the entire issued share capital of ZIGL
“Controlling Shareholder Group”	Mr. Liu and his associates, including ZIGL but exclusive of other members of our Group
“CRU”	has the meaning set forth in the introduction to the section titled “Industry Overview” in this prospectus
“Director(s)”	director(s) of our Company
“Eleventh Five-Year Plan”	the Eleventh Five-Year Plan for National Economic and Social Development (2006-2010) promulgated by the State Council of the PRC at the Tenth National People’s Congress in 2006

\* For identification purpose only



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## DEFINITIONS

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“Eligible Applicants”	applicants who have made valid applications for the Hong Kong Public Offer Shares
“Futian Chemical”	遼陽福田化工有限公司 (Liaoyang Futian Chemical Co., Ltd.*), a PRC established enterprise indirectly owned by Mr. Liu as to 40% of its equity and his wife as to 60% of its equity
“GDP”	gross domestic product
“GL Chemicals”	遼陽港隆化工有限公司 (Liaoyang Gang Long Chemicals Co. Ltd.*), a PRC established enterprise previously indirectly wholly-owned by Mr. Liu
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by <b>White Form eIPO</b> service provider designated by our Company
“Group” and “Our/our Group”	our Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Cheng”	遼寧宏程塑料型材有限公司 (Liaoning Hong Cheng Vinyl Profile Co., Ltd.*), a PRC established enterprise indirectly owned by Mr. Liu as to 40% of its equity and his wife as to 60% of its equity
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Public Offer Shares”	the 140,000,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”) in this prospectus

\* For identification purpose only

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## DEFINITIONS

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“Hong Kong Public Offering”	the issue and offer for subscription of the Hong Kong Public Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in “Structure of the Global Offering”) at the Offer Price subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms, as further described in “Structure of the Global Offering – The Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong share registrar of our Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters listed in “Underwriting – Hong Kong Underwriters” in this prospectus, being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated April 23, 2009 relating to the Hong Kong Public Offering and entered into by, among others, the Hong Kong Underwriters and our Company, as further described in “Underwriting” in this prospectus
“IFRS”	International Financial Reporting Standards
“Independent Third Party/Parties”	person(s) or company/companies which is (are) not a connected person(s) (as defined in the Hong Kong Listing Rules) of our Company
“International Offer Shares”	the 1,260,000,000 Shares initially being offered by our Company for subscription under the International Offering together, where relevant, with any Shares that may be issued by our Company pursuant to any exercise of the Over-allotment Option (subject to reallocation as described in “Structure of the Global Offering”) in this prospectus
“International Offering”	the conditional placing of the International Offer Shares by the International Purchasers with professional, institutional, corporate and/or other investors at the Offer Price, as further described in “Structure of the Global Offering” in this prospectus

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## DEFINITIONS

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“International Purchasers”	the group of underwriters led by the Joint Global Coordinators that is expected to enter into the International Purchase Agreement to underwrite the International Offering
“International Purchase Agreement”	the international purchase agreement to be dated April 30, 2009 relating to the International Offering expected to be entered into by, among others, the Joint Global Coordinators, the International Purchasers and our Company, as further described in “Underwriting” in this prospectus
“Joint Global Coordinators” or “Joint Bookrunners”	CITIC Securities, J.P. Morgan and UBS
“Joint Lead Managers”	CITIC Securities, J.P. Morgan, Macquarie and UBS
“Joint Sponsors”	CITIC Securities and UBS
“J.P. Morgan”	J.P. Morgan Securities Ltd.
“Kong Lung”	Kong Lung Industrial Company Limited, a company incorporated in Hong Kong with limited liability and owned by Mr. Liu
“Latest Practicable Date”	April 17, 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Liaoyang Factory”	遼陽市鋁型材製品有限公司 (Liaoyang City Aluminum Profile Product Co. Ltd.*), previously registered as 遼陽市鋁型材製品廠 (Liaoyang City Aluminum Profile Manufacturing Factory*), a PRC established enterprise wholly-owned by Mr. Liu
“Listing”	listing of our Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
“Listing Date”	the date on which dealing in our Shares first commences on the Main Board
“LME”	London Metal Exchange

\* For identification purpose only

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## DEFINITIONS

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“Lu Su Decoration”	遼陽忠旺鋁塑裝飾材料有限公司 (Liaoyang Zhongwang Aluminum PVC Decoration Materials Co, Ltd.*), a PRC established enterprise indirectly owned by Mr. Liu as to 40% of its equity
“Macquarie”	Macquarie Capital Securities Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel to the Growth Enterprise Market of the Hong Kong Stock Exchange
“Memorandum”	the memorandum of association of our Company, adopted on January 29, 2008, a summary of which is set out in Appendix V to this prospectus
“MOR”	the Ministry of Railway of the PRC (中華人民共和國鐵道部)
“Mr. Liu”	劉忠田 (Mr. Liu Zhongtian), the founder, president, chairman and Controlling Shareholder of our Group
“Offer Price”	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%) of not more than HK\$8.80 and expected to be not less than HK\$6.80, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
“Offer Shares”	the Hong Kong Public Offer Shares and the International Offer Shares
“Olympus Alloy”	Olympus Alloy Holdings, L.P., a limited partnership organized under the laws of the Cayman Islands. It was established by Olympus Capital Holdings Asia for the purpose of holding the Olympus Exchangeable Notes
“Olympus Capital”	Olympus Capital Holdings Asia, a limited company incorporated under the laws of the Cayman Islands. Olympus Capital Holdings Asia is the investment advisor to Olympus Alloy and to Olympus Capital Asia III, L.P. and its parallel funds, which are the majority investors in Olympus Alloy

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## DEFINITIONS

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“Olympus Exchangeable Notes”	the exchangeable loan notes issued by ZIGL to Olympus Alloy for the principal amount of US\$100 million
“Over-allotment Option”	the option to be granted by our Company to the International Purchasers, exercisable by the Joint Global Coordinators on behalf of the International Purchasers, pursuant to which our Company is required to allot and issue up to an aggregate of 210,000,000 Shares (representing in aggregate 15% of the Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allotment in the International Offering, details of which are described in the section headed “Structure of the Global Offering” in this prospectus
“PBOC”	The People’s Bank of China (中國人民銀行)
“Pengli Dies”	遼陽鵬力模具有限公司 (Liaoyang Pengli Die Co., Ltd.*), a PRC established enterprise indirectly owned by Mr. Liu as to 51% of its equity and with the balance of its equity held by an Independent Third Party
“PRC” or “China”	the People’s Republic of China. References in this prospectus to the PRC or China exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-IPO Share Option(s)”	the option(s) which we have conditionally granted to certain directors and employees of our Group prior to the Listing, as described in the paragraph headed “Other Information – Pre-IPO Share Option Scheme” in Appendix VI to this prospectus
“Pre-IPO Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution of the Board passed on April 17, 2008, the principal terms of which are summarized in the section headed “D. Other Information – 2. Pre-IPO Share Option Scheme” in Appendix VI to this prospectus
“Price Determination Date”	on or around Thursday, April 30, 2009 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters) at which time the Offer Price is determined, but in any event, no later than Wednesday, May 6, 2009

\* For identification purpose only

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## DEFINITIONS

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“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the Securities Act
“Reorganization”	the reorganization of the companies within our Group as set out in the paragraph headed “A. Further information about our Company and its subsidiaries – 4. The Reorganization” in Appendix VI to this prospectus, pursuant to which our Company became the holding company of our various subsidiaries
“RMB” or “Renminbi”	the lawful currency of China
“Rule 144A”	Rule 144A under the Securities Act
“SAFE”	State Administration of Foreign Exchange of China (中華人民共和國國家外匯管理局)
“SAIC”	State Administration for Industry and Commerce of China (中華人民共和國國家工商行政管理總局)
“Scuderia Capital”	Scuderia Capital Partners LLC, an entity established in the United States and the lender of the Term Loan
“Securities Act”	the United States Securities Act of 1933, as amended from time to time
“SFC”	Hong Kong Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of our Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution of the Board passed on April 17, 2008, a summary of the principal terms of which is set out in the section headed “D. Other information – 1. Share Option Scheme” in Appendix VI to this prospectus
“SHFE”	Shanghai Futures Exchange

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## DEFINITIONS

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“Stock Borrowing Agreement”	the stock borrowing agreement which may be entered into on or about the Price Determination Date between ZIGL and the Joint Global Coordinators or any of them
“Sunlight Metal”	has the meaning set forth in the introduction to the section titled “Industry Overview” in this prospectus
“Tenth Five-Year Plan”	the Tenth Five-Year Plan for National Economic and Social Development (2001-2005) promulgated by the State Council of the PRC at the Ninth National People’s Congress in 2001
“Term Loan”	the term loan in the principal amount of US\$200 million provided by Scuderia Capital to ZIGL
“Track Record Period”	the financial years ended December 31, 2006, 2007 and 2008
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“UBS”	UBS AG, acting through its business division, UBS Investment Bank
“Underwriters”	the Hong Kong Underwriters and the International Purchasers
“Underwriting Agreements”	the International Purchase Agreement and the Hong Kong Underwriting Agreement
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“Vily Won”	Vily Won Limited, a defunct Hong Kong incorporated company with limited liability
“ <b>White Form eIPO</b> ”	applying for Hong Kong Public Offer Shares to be issued in your own name by submitting applications online through the designated website of the <b>White Form eIPO</b> Service Provider, <b><a href="http://www.eipo.com.hk">www.eipo.com.hk</a></b>
“ <b>White Form eIPO</b> Service Provider”	Computershare Hong Kong Investor Services Limited

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## DEFINITIONS

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“ZCIL (BVI)”	Zhongwang China Investment Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of our Company
“ZCIL (HK)”	Zhongwang China Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of our Company
“Zhongtian Garment”	忠旺中田服飾有限公司 (Zhongwang Zhongtian Garment Co., Ltd.*), a PRC established enterprise indirectly owned by Mr. Liu as to 60% of its equity and Liu Yan as to 40% of its equity. Liu Yan was formerly a non-executive director of Zhongwang PRC
“Zhongwang PRC”	遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of our Company
“ZIGL”	Zhongwang International Group Limited, a company incorporated in BVI with limited liability which, as of the date of this prospectus, is the holding company of our Company

*In this prospectus, the terms “associate,” “connected person,” “controlling shareholder,” “connected transaction,” “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.*

*In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi have been translated into HK dollars or U.S. dollars and vice versa at an exchange rate of RMB0.8814 = HK\$1.00 or RMB6.8311 = US\$1.00, respectively, and certain amounts denominated in U.S. dollars have been translated into HK dollars and vice versa at an exchange rate of US\$1.00 = HK\$7.7503, in each case, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi or U.S. dollars were or may have been converted into those currencies and vice versa at such rates or any other exchange rates.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*In this prospectus, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with “\*” are for identification purpose only.*

\* For identification purpose only



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## GLOSSARY OF TECHNICAL TERMS

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*This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and as they are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.*

“alloy”	a compound of two or more elements, at least one of which is a metal, and where the resulting material has metallic properties
“aluminum alloy billet(s)”	aluminum alloy(s) which is(are) cast into a suitable shape, usually cylindrical, for extrusion purposes
“aluminum extrusion profile(s)” or “profile(s)”	finished aluminum alloy product(s) made by an extrusion production line
“aluminum ingot(s)”	mass of aluminum cast into convenient shape, to be smelted for casting into aluminum alloy billet(s)
“anodizing”	a simple electrochemical process that forms a protective layer of aluminum oxide on the surface of plain aluminum profiles, which strengthens and protects the surface against atmospheric corrosion and oxidation
“CAGR”	compound annual growth rate, a measurement to assess the growth rate of value over time
“casting”	a process of cooling down and shaping molten metal or alloy by a specific crystallizer
“curtain wall system(s)”	protective or decorative external walls on the exterior of the main frame of a building which are supported entirely by the frame of the building and independent of the wall below
“die(s)”	tool(s) used for cutting, shaping and forming aluminum alloy billets into a variety of aluminum extrusion products
“DWT”	deadweight ton, a traditional unit of weight or mass for a vessel’s capacity for cargo, fuel oil, stores and crew, measured in tons. The deadweight tonnage of a vessel is the difference between its weight when completely empty and its weight when fully loaded

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## GLOSSARY OF TECHNICAL TERMS

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“electrophoresis coating”	a process by which anodizing aluminum profiles are coated with acrylic water-soluble paint in an electrified tank to protect against acid and alkaline corrosion
“extrusion”	a manufacturing process that uses high compressive strength to force aluminum alloy billets through a die into aluminum profiles
“extrusion production line”	a production line used to produce extruded profiles
“GFA”	gross floor area
“HVAC”	heating, ventilating and air conditioning units for climate control. HVAC is particularly important in commercial and industrial construction, as well as marine environments where humidity and temperature must be closely regulated
“ISO”	International Organization for Standardization, a world-wide federation of national standards bodies
“ISO 14001”	ISO standards for environmental management which are primarily concerned with what an organization does to minimize harmful effects on the environment caused by its activities and which set requirements for what an organization must do to manage processes influencing the impact of its activities on the environment
“ISO 9001” or “ISO 9002”	ISO standards for quality management which are primarily concerned with what an organization does to ensure that its products conform to customer and applicable regulatory requirements and which set requirements for what an organization must do to manage processes influencing product quality
“kW”	kilowatt, a unit of power equal to one thousand watts
“MN”	mega newton, a unit of force equal to one million newtons
“powder coating”	application of a coating in the form of a finely ground powder of coloring agents, resins and additives; heating of the part, either before or after powder deposition, fuses the powder into a continuous coating
“PVC”	polyvinyl chloride, a common thermoplastic resin, used in a wide variety of manufactured products

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## GLOSSARY OF TECHNICAL TERMS

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“PVDF”	polyvinylidene fluoride, a specialty plastic material with a relatively low melting point and with low smoke generated when exposed to fire, used generally in applications requiring the highest purity, strength, and resistance to solvents, acids, bases and heat
“PVDF coating”	application of a coating of PVDF which is unaffected by most chemicals and solvents and has excellent wear and abrasion resistance
“RFTKs”	revenue freight ton-kilometers, the revenue cargo and mail load in tons multiplied by the kilometers flown
“RPKs”	revenue passenger kilometers, the number of revenue passengers carried multiplied by the kilometers flown
“smelting”	a process of heating and melting a certain proportion of one or more metals or alloys in a furnace into a homogenous solution
“sq.m.”	square meters
“tpy”	tons per year

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## RISK FACTORS

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*You should carefully consider all of the information set out in this prospectus before making an investment in the Offer Shares, including the risks and uncertainties described below. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that almost all of our operations are conducted in China and are governed by a legal and regulatory environment that differs in some respects from those that prevail in other countries. Our business, financial condition or results of operations could be affected materially and adversely by any of these risks.*

### RISKS RELATING TO OUR BUSINESS

**If we are unable to obtain aluminum ingots, our principal raw material, at a competitive price, our results of operations may be affected.**

Aluminum ingots are the principal raw material for the production of aluminum extrusion products. For the Track Record Period, usage of aluminum ingots accounted for approximately 84.6%, 85.5% and 86.5% of our total cost of sales, respectively. We source and purchase this principal raw material from local aluminum ingot suppliers throughout China. For the Track Record Period, purchases from our top five aluminum ingot suppliers accounted for approximately 78.9%, 80.2% and 81.6% of our total cost of sales, respectively.

The price of aluminum ingots is determined principally by supply and demand in the international and domestic commodity markets, and fluctuates with market conditions and may be highly volatile. The timing of changes in the market price of aluminum ingots is largely unpredictable. During the Track Record Period, our average purchase price of aluminum ingots was approximately RMB17,200 per ton, RMB17,518 per ton and RMB15,274 per ton, respectively. The increase in our purchase price of aluminum ingots in 2006 and 2007 was primarily due to enormous growth in market demand for aluminum ingots in China, while the decrease in our purchase price of aluminum ingots in 2008 was mainly due to (i) the recent global financial crisis, and (ii) the increase in supply of aluminum ingots in the domestic market, which is the result of policy changes in China which discourage export of aluminum ingots. Generally, we charge our customers on a "cost-plus" basis, under which the selling price for our products is based on a processing fee plus the prevailing market price of aluminum ingots, and our pricing strategy is to pass the risk of price fluctuations on to our customers. However, we may not be able to pass on the entire cost of such increases to our customers or offset fully the effects of cost increases of raw materials, which may cause our profitability to decline. There will also be a potential time lag between when prices for raw materials increase under our purchase contracts and when we can implement a corresponding increase in price under our sales contracts with our customers. In line with industry practice, we have not entered into any hedging transactions and have not adopted any hedging policies to reduce our exposure to fluctuations in prices of raw materials. As a result, we may be exposed to fluctuations in raw materials prices, including in particular aluminum ingots. If these events were to occur, they could have a material adverse effect on our financial position, results of operations and cash flows.

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## RISK FACTORS

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**If the end-user markets of our aluminum extrusion products do not grow as we expect or grow at a slower rate than we expect or decrease, our financial condition and results of operations may be adversely affected.**

Our business development has depended, and will continue to depend, substantially on the growth of the end-user markets for our aluminum extrusion products. We have experienced significant growth in sales of our industrial aluminum extrusion products, which represented approximately 26.6%, 37.1% and 55.3% of our total revenue during the Track Record Period, respectively. Sales of our industrial aluminum extrusion products have been driven by growth in the end-user markets in which our products are incorporated, particularly in the transportation sectors, including railway and metropolitan railway, automobiles, shipbuilding and aviation sectors, in the PRC. For details of the growth of aluminum extrusion consumption in the PRC transportation sectors, please refer to the section headed "Industry Overview – Aluminum Extrusion Consumption in the PRC Transportation Industry." We have earned a significant portion of our revenue from customers in the transportation sectors, representing approximately 14.7%, 28.7% and 41.3% of our sales, respectively, during the Track Record Period. Therefore, any decline in the demand from industrial end users that incorporate our aluminum extrusion products, particularly customers in the transportation sectors, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we sell our construction aluminum extrusion products to real estate developers, wholesalers of construction and interior decoration materials and construction companies in China. Demand for our construction aluminum extrusion products has depended primarily on the growth of the building construction market in China. For details of the growth of aluminum extrusion consumption in the PRC construction industry, please refer to the section headed "Industry Overview – Aluminum Extrusion Consumption in the PRC Construction Industry." We cannot predict the growth rate of property development and investment activities in China. If there is an economic downturn which adversely affects the PRC building construction market, demand for our construction aluminum extrusion products will also be adversely affected. Furthermore, many factors that are beyond our control may have the effect of slowing the growth rate of the end-user markets that use our aluminum extrusion products which could adversely affect our business, financial condition and results of operations.

**Changes in the products or manufacturing processes of the companies that use our aluminum extrusion products may adversely affect our business.**

The aluminum extrusion market is characterized by evolving technology standards that require improved quality, changing customer specifications and wide fluctuations in product supply and demand. The products or manufacturing processes of the companies that use our aluminum extrusion products may change from time to time due to improved technologies or product enhancements. These changes may require us to develop new products, including new dies for the production of such products, and enhancements for our existing products to keep pace with evolving industry standards and changing customer requirements. If we cannot keep pace with market changes and produce aluminum extrusion products that meet our customers' specifications and quality standards in a timely and cost-effective manner, the growth and success of our business could be materially adversely affected.

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## RISK FACTORS

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**Our customers may reduce their demand for aluminum extrusion products in favor of alternative materials.**

Our aluminum extrusion products compete with products made from other materials, such as plastic, wood or other metal composites, for various applications. The willingness of customers to accept substitutions for aluminum or the ability of major customers to exert leverage in the marketplace to reduce the pricing for aluminum extrusion products could adversely affect the demand for our products and thus adversely affect our business, financial condition and results of operations.

**We derive a substantial portion of our sales from China.**

A substantial portion of our sales are generated from China. During the Track Record Period, we generated approximately 92.8%, 94.7% and 96.7% of our total revenue, respectively, from sales to customers in China. To boost our sales revenue, we seek to increase our market share in overseas markets; however, we anticipate that sales of our products in China will continue to represent a substantial proportion of our total sales in the near future. Any significant decline in the condition of the PRC economy could, among other things, reduce consumption of our products which in turn would have a material adverse effect on our business, financial condition and results of operations.

**We had net current liabilities as of December 31, 2006 and 2007.**

As of December 31, 2006 and 2007, we had net current liabilities of approximately RMB260.9 million and RMB207.0 million, respectively. We had net current liabilities as of each of these balance sheet dates mainly due to (i) our large amounts of borrowings, comprising mainly short-term borrowings from commercial banks in China which are the primary source of financing for our Company and offer interest rates that are generally lower than those of long-term loans, and (ii) our issuance of short-term debentures. The amount of payment obligations of our bank borrowings and short-term debentures in the 12-month period following the Listing is estimated to be approximately RMB4.8 billion. Our net current liabilities position exposes us to liquidity risk, and we may have net current liabilities in the future. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding bank borrowings as and when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities, cash and cash equivalents, and our access to further financial resources to fulfill our short-term payment obligations, which will be affected by our future operating performance, prevailing economic conditions, and financial, business and other factors, many of which are beyond our control.

**Our business, reputation and brand may be materially and adversely affected by actions taken by our distributors.**

During the Track Record Period, our sales to distributors accounted for approximately 39.9%, 31.9% and 12.9% of our total revenue, respectively. As of December 31, 2008, we had 17 distributors responsible for domestic sales in China and four distributors responsible for our overseas markets. Save as disclosed in the section headed "Relationships with Our Controlling Shareholder and Continuing Connected Transactions," our Directors have confirmed that during the Track Record Period, all of our distributors were Independent Third Parties. It has been our policy that our distributors may not take any improper or illegal actions, commit bribery or use any payments or other means prohibited under the relevant anti-corruption laws in the PRC and the jurisdictions where they operate or prohibited under the agreed terms

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## RISK FACTORS

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between us and the distributors to promote or sell our products, and that we will terminate our relationship with them if they engage in such activities. However, our distributors could take one or more of the following actions, any of which could have a material adverse effect on our business, reputation and brand:

- breach our agreements with them, including by selling products that compete with our products that they have contracted to sell for us or by selling our products outside their designated territory, possibly in violation of the exclusive distribution rights of other distributors;
- unauthorized use or misuse of our brand name;
- fail to adequately promote our products;
- fail to provide proper training and service to the end-users of our products; or
- violate the anti-corruption laws of China, the United States or other countries.

Non-compliance by our distributors with our agreements or any improper or illegal actions taken by our distributors could harm our corporate image and disrupt our sales. We ultimately have limited control over the actions of our distributors who are Independent Third Parties, and cannot assure you that they will not breach their agreements with us or violate relevant laws. We are not aware of any breach of agreement, or improper or illegal actions taken by our distributors during the Track Record Period.

If our distributors violate PRC laws or otherwise engage in illegal practices with respect to their sales or marketing of our products, our brand and reputation, our sales activities or the price of our Shares could be adversely affected if we become the target of any negative publicity as a result of actions taken by our distributors.

**The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations.**

Certain recent adverse financial developments have impacted the global financial markets. These developments include a general slowing of economic growth both in the U.S. and globally, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will exist and which markets and businesses of our Company may be affected, these developments could continue to present risks for an extended period of time for our Company, including a potential slowdown in our sales to customers, increase in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If this economic downturn continues, our business, financial condition and results of operations may be adversely affected.

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## RISK FACTORS

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**We may require additional capital in the future, which may not be available or may only be available on unfavorable terms.**

Our manufacturing facilities are highly capital-intensive to construct and maintain. For the Track Record Period, our capital expenditures amounted to RMB1,116.9 million, RMB1,077.9 million and RMB500.4 million, respectively, which were primarily used to increase our production capacity and purchase machinery. Our capital requirements primarily depend on the amount of capital expenditures and new product development. In addition, our future capital requirements may be substantial as we seek to grow through acquisitions and investments. We may need to raise additional funds to meet these requirements. We seek to effectively manage our cash flow and capital commitments and to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to cash generated from our operations, we have maintained long-term relationships with PRC commercial banks and believe that we will be able to roll over our existing short-term loans upon their maturity, if necessary, based on our past repayment and credit history. In addition, we may issue short-term debentures to finance our capital commitments. For details, please refer to the section headed “Financial Information – Working Capital” in this prospectus. However, any equity or debt financing, if available at all, may be on terms that are not favorable to us. Equity financings could result in dilution to our shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our Shares. If we fail to obtain necessary funding on acceptable terms or at all, we may be forced to delay capital investment projects, research and development activities, potential acquisitions and investments or otherwise curtail or cease operations.

**If we cannot manage our growth or optimize our product mix, our operating results, margins and net profit could be adversely affected.**

We have experienced substantial growth in sales and net profit in recent years. During the Track Record Period, our revenue was approximately RMB6,075.2 million, RMB7,521.3 million and RMB11,264.4 million, respectively, and our net profit was approximately RMB551.4 million, RMB852.2 million and RMB1,910.4 million, respectively. The increases in our revenue and net profit were primarily due to the increased sales volume and selling prices of our aluminum extrusion products, particularly for our industrial aluminum extrusion products used in the transportation sectors, as a result of the increased customers’ demand. As our product mix evolves to include a greater portion of industrial aluminum extrusion products, particularly for the transportation sectors, that command higher processing fees, our overall gross profit margin increased during the Track Record Period. We intend to continue to expand our operations of industrial aluminum extrusion products, particularly for the transportation sectors, and this expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also place significant demands on us to maintain the quality of our products. To accommodate our growth, we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including improvements to our internal management systems. We will also need to implement effective training programs to ensure consistently high-quality performance by our employees. All of these measures will require substantial management effort. If we are unable to effectively manage our growth or optimize our product mix, our operating results, margins and profitability may be materially and adversely affected.



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## RISK FACTORS

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**Our future success depends on our ability to retain our executive Directors and senior management.**

Our future success depends substantially on the continued services of our executive Directors and senior management team, in particular, Mr. Liu, our founder, president, chairman and Controlling Shareholder, and Mr. Zhou Mi, the chief engineer of our Group. Mr. Liu is critical to the development of our business and strategic direction. Mr. Liu is in charge of the overall corporate development and strategic planning of our Group since the inception of Zhongwang PRC in 1993. Mr. Zhou has over 30 years of experience in technical development in the aluminum industry, 12 years of which were focused on technical development in aluminum extrusion. Mr. Zhou plays an important role in our development of industrial aluminum extrusion products, and has contributed to the diversity of our product offerings and introduction of advanced machinery and manufacturing technologies. If any member of our executive Directors, senior management team or key employees, whose names are set out in the section headed “Directors, senior management and staff” in this prospectus, are unable or unwilling to continue in their present positions, we may not be able to replace them easily in a timely manner or at all, or we may incur additional expenses to recruit, train and retain personnel. Moreover, if any of these key personnel joins a competitor, we may lose customers, suppliers, know-how and key professionals and staff members. The loss of any key personnel could have an adverse effect on our business, financial condition and results of operations.

**We manufacture our products at a group of factories located in a single location in Liaoning, China. Any disruption in our manufacturing facilities could materially and adversely affect our business, financial condition and results of operations.**

We have relied to date solely on our manufacturing facilities located at our headquarters in Liaoyang, Liaoning Province, China. Significant damage to our manufacturing facilities from natural or other causes, such as floods, fires, earthquakes and typhoons, could be costly and time-consuming to repair and could disrupt our operations. In such an event, we would be forced to seek alternative manufacturing facilities, which we believe would be extremely difficult to locate and secure given the highly specialized and large-scale nature of our manufacturing. Even if we are able to identify such alternative manufacturing facilities, we may incur additional costs and we may experience a disruption in the supply of our products until those facilities are available and operational. Any disruption or delay in our manufacturing capacity could have an adverse impact on our ability to produce sufficient quantities of our products or may require us to incur additional expenses in order to produce sufficient quantities, and could impair our ability to meet the demand of customers and cause customers to cancel orders, any of which could materially and adversely affect our business, financial condition and results of operations.

**We may face increased energy costs and/or insufficient energy supply.**

We consume substantial amounts of electricity, gas, gasoline, diesel and coal in connection with our operations. As our production capacity increases and our business expands, our energy requirements will also increase. We have been able to obtain our electricity requirements from the regional power grid in Liaoyang at government mandated rates; however, we may experience increase in energy costs, power shortages or disruptions in the future. If there is a significant increase in our energy costs or insufficient energy supply to satisfy our production requirements and accommodate our planned growth, our business, financial condition and results of operations could be adversely affected.

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## RISK FACTORS

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**The interests of Mr. Liu, our founder, president, chairman and Controlling Shareholder, may differ from those of our Group and our other shareholders, and Mr. Liu has the ability to cause us to make decisions that may not be in the best interests of our other shareholders.**

Mr. Liu, our founder, president, chairman and Controlling Shareholder, currently beneficially owns 100% of our issued share capital and will beneficially own, assuming the over-allotment option is not exercised, approximately 74.1% of our issued share capital upon completion of the Global Offering. As such, Mr. Liu has, and will continue to have, substantial influence over our business. We cannot assure you that Mr. Liu will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the interests of our other shareholders.

**Our non-compliance with certain social security and housing provident fund contribution regulations in the PRC could lead to the imposition of fines or penalties.**

We have not paid, or have not been able to pay, certain past social security and housing provident fund contributions for and on behalf of our employees due to differences in local regulations and inconsistent implementation or interpretation by local authorities in the PRC, different levels of acceptance of the social security system by employees, as well as insufficient knowledge on our part of the social security system. In December 2008, we completed registration applications for the payment of social security and housing provident fund contributions at the relevant PRC authorities and have commenced payments of social security and housing provident fund contributions in respect of all eligible employees starting in January 2009. As of December 31, 2008, we had an outstanding provision of approximately RMB24.8 million in respect of the overdue social security and housing provident fund contributions for the Track Record Period. For details, please refer to “Regulations – Past Non-compliance with PRC Laws and Regulations – Social Security and Housing Provident Fund Contributions.”

Notwithstanding that our registration applications included a request to complete payment for prior unpaid social security and housing provident fund contributions, according to the signed confirmation letters we received from the relevant PRC authorities, at present the government authorities are unable to complete procedures for the receipt of payment from us in respect of the outstanding social security and housing provident fund contributions. We cannot assure you that we will not be required to pay such past contributions in the future. As advised by our PRC legal advisor, Commerce & Finance Law Offices, we may be ordered to pay such social security and housing provident fund contributions within a stipulated deadline by the relevant PRC authorities. Any judgment or decision against us in respect of outstanding social security and/or housing provident fund contributions could have an adverse effect on our reputation, cash flow and results of operations.

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## RISK FACTORS

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**We may not be able to adequately protect proprietary rights to our technology.**

Our success depends in part upon our proprietary technology and processes. We attempt to protect our intellectual property through patents, trademarks, trade secrets, know-how, copyrights, confidentiality and nondisclosure agreements and other measures; however, these measures may not be adequate to protect such intellectual property. In addition, any attempts to enforce our intellectual property rights, even if successful, could result in costly and prolonged litigation, divert our management's attention and adversely affect our financial performance and cash flows.

As of the Latest Practicable Date, we had registered 176 patents and 17 trademarks in the PRC, Hong Kong and overseas. All of our patents are registered for our die layout designs, which are crucial to the production of our aluminum extrusion products which must meet our customers' stringent specifications and quality standards. Our trademark, "Zhongwang" is recognized as a "China Well-known Trademark" by the Trademark Office of the SAIC in recognition of our established market reputation in the PRC. Failure to adequately protect our intellectual property may adversely affect our results of operations as our competitors would be able to utilize such property without having had to incur the costs of developing it, thus potentially reducing our relative profitability. Also, if we fail to effectively protect our brand name from inappropriate use by third parties in ways that adversely affect our brand name, our reputation could suffer damage, which in turn could have a material adverse effect on our business, financial condition and results of operations. Furthermore, we may be subject to claims that our technology infringes the intellectual property rights of other parties. Even if without merit, such claims could result in costly and prolonged litigation, divert management's attention and adversely affect our financial performance and cash flows.

**Product liability claims against us could result in significant costs or negatively affect our reputation and could adversely affect our results of operations.**

We manufacture and sell different types of aluminum extrusion products for different applications. As of the Latest Practicable Date, we have not been exposed to any warranty or product liability claims; however, we cannot assure you that we will not experience material losses arising from product liability claims in the future. We do not maintain any product liability insurance. If our products fail to meet the required specifications or quality standards, our business could be adversely affected. We may also face liability claims due to possible defective products. Such claims may be pursued by way of contractual remedy or by way of civil action if the defects in our products result in damages or injuries suffered by third parties. In such event, our business reputation and our financial condition could be adversely affected.

**We may not maintain sufficient insurance coverage for the risks associated with our business operations.**

Risks associated with aluminum extrusion production include damage to production facilities, environmental pollution, transportation damages and delays, industrial damages and risks posed by natural disasters, any or all of which may result in losses to our Company. We may also be unable to obtain or maintain insurance policies covering risks associated with natural disasters, business interruption or environmental damages arising from our production activities. Therefore, if we incur any loss which is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our financial condition could be adversely affected.

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## RISK FACTORS

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### RISKS RELATING TO OUR INDUSTRY

**If we are unable to compete successfully, our financial condition and results of operations may be adversely affected.**

We operate in a competitive marketplace, with numerous aluminum extrusion products manufacturers in China, North America and Europe. Competition is based on factors including price, response time and reliable and consistent product quality. Our competitors include large foreign or domestic corporations in terms of assets and revenue, with significant financial resources, well-established brands, good reputations for product quality, established customer bases, strong sales and distribution networks, advanced production facilities and technologies, strong product development, and/or more comprehensive lines of aluminum extrusion products. As a result of the foregoing factors, these existing competitors may be able to compete more effectively than our company. If we are unable to maintain our competitive position, we could lose market share and/or experience a decline in our profitability.

**Any environmental claims or failure to comply with any present or future environmental regulations may require us to spend additional funds and may materially and adversely affect our financial condition and results of operations.**

We are required to comply with all national and local regulations in the PRC. We are in compliance with all applicable environmental protection laws and have obtained all necessary environmental permits in respect of the business currently conducted by us. We expect to be subject to additional requirements in the future, as the PRC government continues to pass laws aimed at strengthening environmental protection measures and adopts more stringent environmental standards. In addition, we expect that this trend will continue and that compliance will require additional capital expenditures and result in higher operating costs, which may negatively affect our financial condition and results of operations. Any failure by us to control the use of, or to adequately restrict the discharge of, hazardous substances could subject us to potential significant monetary damages, fines or administrative, civil or criminal sanctions, which could disrupt, limit or even result in the suspension of our operations.

**Future changes in laws, regulations or enforcement policies in China could adversely affect our business.**

Laws, regulations and enforcement policies in China, including those regulating the aluminum extrusion industry, are evolving and are subject to future changes. Future changes in applicable laws, regulations or administrative interpretations, or stricter enforcement policies by the PRC government, could impose more stringent requirements on us, including fines and penalties. Compliance with such requirements could impose substantial additional costs or otherwise have a material adverse effect on our business, financial condition and results of operations. Alternatively, these changes may also relax some requirements, which could be beneficial to our competitors or could lower market entry barriers and increase competition.

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## RISK FACTORS

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### RISKS RELATING TO DOING BUSINESS IN THE PRC

#### **Changes in China's economic, political and social conditions could adversely affect our financial condition and results of operations.**

We conduct substantially all of our operations in China and derive substantially all of our revenue from our operations in China. Accordingly, our business, financial condition, results of operations and prospects are affected to a significant degree by economic, political and social conditions in China. The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC economy has grown significantly in recent years; however, we cannot assure you that such growth will continue. Until recently, the PRC government attempted to slow the pace of growth of the PRC economy by raising interest rates and the deposit reserve rate and issuing administrative guidelines to control lending to certain industries. In response to the global economic slowdown and market volatility, as described in “– Risks Relating to Our Business – The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations,” the PRC government has lowered interest rates and announced large fiscal stimulus packages to boost the domestic economy, which include RMB4.0 trillion investments in, among other things, airports, highways, railways, power grids and other infrastructure developments, the effects of which cannot yet be fully determined. Any adverse change in the economic, political and social conditions or government policies in China could have a material adverse effect on overall economic growth, which in turn could lead to a reduction in demand for our aluminum extrusion products and consequently have a material adverse effect on our business.

#### **Uncertainties with respect to the PRC legal system could have a material adverse effect on us.**

We conduct all of our manufacturing operations through Zhongwang PRC, our operating subsidiary in China. Zhongwang PRC is generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to foreign-invested enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

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## RISK FACTORS

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### **Governmental control of currency conversion may affect the value of your investment.**

The PRC government imposes controls on currency conversion between Renminbi and foreign currencies and, in certain cases, the remittance of currency out of and into China. We receive substantially all of our revenue in Renminbi, which is currently not a freely convertible currency. Under our current corporate structure, income of our Company will be primarily derived from dividend payments from our PRC subsidiary. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiary to remit sufficient foreign currency to pay dividends to us, or otherwise satisfy its foreign currency-dominated obligations. We also plan to transfer a portion of the proceeds from the Global Offering as well as proceeds from our future fund raising activities into China to fund our business operations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, in most cases, particularly payments of capital account items, approval from appropriate governmental authorities is required where (i) Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of offshore bank loans denominated in foreign currencies, and (ii) any foreign currency is to be converted into Renminbi for investment in China. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

In addition, the “Notice of SAFE on Issues Relating to Foreign Exchange Control on Fund Raisings by Domestic Residents Through Offshore Special Purpose Vehicles and Round-trip Investments” (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理) (“Circular 75”) promulgated by SAFE, which came into force on November 1, 2005, applies to our Company and Mr. Liu, the Controlling Shareholder of our Group. Mr. Liu has completed the foreign exchange registration for overseas investment under Circular 75. However, Mr. Liu is required to file a modification to the foreign exchange registration for overseas investment in the event of any material capital changes, including, without limitation, (i) a subsequent equity financing for our Company outside of the PRC, including the Global Offering; (ii) a capital change in our Company; and (iii) any share transfer or share swap involving our Company in accordance with Circular 75. Payment of dividends, profits and other payments to our Company will not be permitted unless the aforesaid modification has been filed. If the foreign exchange control system prevents us from converting Renminbi into foreign currencies or vice versa, and obtaining sufficient Renminbi or foreign currency to satisfy our currency demands, our ability to transfer Renminbi to fund our business operations in China or to pay dividends in foreign currencies to our shareholders, including holders of our Shares, may be adversely affected.

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## RISK FACTORS

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**Recent changes to the PRC tax laws have decreased the tax rate applicable to our business; however, any future changes to the PRC tax laws could adversely affect our financial condition and results of operations.**

On March 16, 2007, the National People's Congress of the PRC passed the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the "New EIT Law"), which took effect on January 1, 2008. On December 6, 2007, the PRC government also adopted the Implementing Rules of the Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) (the "Implementing Rules"), which also took effect on January 1, 2008. Under the New EIT Law, a unified EIT rate of 25% and unified tax deduction standards are applied to both domestic-invested enterprises and foreign-invested enterprises ("FIEs"). The applicable tax rate of Zhongwang PRC has been reduced from its previous tax rate of 27% to 25% starting from January 1, 2008.

Under the New EIT Law, the exemption from the withholding tax on dividends distributed by FIEs to their foreign investors under the previous tax laws is no longer available. Foreign investors who are established in Hong Kong and are considered non-resident enterprises by the PRC tax authority are subject to a PRC withholding tax at a rate of 5%. In addition, the new tax law deems an enterprise established offshore but with "de facto management bodies" in the PRC as a "resident enterprise" which is subject to the PRC EIT on its global income excluding dividends received from its PRC subsidiaries. All members of our management are currently located in the PRC, and we expect them to continue to be located in the PRC in the foreseeable future. If the PRC tax authorities subsequently determine that we should be classified as a resident enterprise, our global income, excluding dividends received from Zhongwang PRC, will be subject to PRC income tax at a tax rate of 25%. As the New EIT Law has only recently been implemented, PRC tax authorities in different districts may be inconsistent in classifying resident enterprises and non-resident enterprises. Either the imposition of withholding tax on dividends payable from Zhongwang PRC to us or the imposition of PRC tax on our global income as a "resident enterprise" under the New EIT Law could have a material adverse effect on our financial condition and results of operations.

**Changes in or discontinuations of the export tax incentive regime or any financial incentives currently available to us in the PRC could reduce our profitability.**

Under the current PRC export tax incentive regime, we are exempted from output VAT on our export sales and can receive tax refunds on a portion of the related input VAT already paid. However, some of our products, which were eligible for the VAT refund rate of 13%, have not been eligible for any VAT refund since July 2007 due to changes in relevant PRC tax regulations. The fluctuation in the VAT refund rate applicable to our aluminum extrusion products in recent periods has had an adverse effect on our results of operations. The PRC government may further reduce our input VAT refund rate or discontinue the export tax incentive regime, which in turn could adversely affect our financial condition and results of operations.

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## RISK FACTORS

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**We face foreign exchange and conversion risks, and fluctuation in the value of the Renminbi may have a material adverse effect on your investment.**

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The PBOC issued a public notice on July 21, 2005 increasing the exchange rate of the Renminbi against the U.S. dollar by approximately 2% to RMB8.11 per US\$1.00. Further to this notice, the PRC government has reformed its exchange rate regime by adopting a managed floating exchange rate regime based on market supply and demand with reference to a portfolio of currencies. Under this regime, the Renminbi is no longer pegged to the U.S. dollar. We cannot predict how and to what extent the exchange rate of the Renminbi will fluctuate in the future.

We face foreign exchange and conversion risks primarily through sales that are denominated in currencies other than the Renminbi. During the Track Record Period, approximately 5.3%, 3.7% and 2.1% of our sales were settled in U.S. dollars, respectively. Any appreciation of the Renminbi against the U.S. dollar may have the effect of rendering our exports more expensive and less competitive than products from manufacturers in other countries. In addition, to the extent that we need to convert Hong Kong dollars we receive from the Global Offering into Renminbi for our operations, appreciation of the Renminbi against the Hong Kong dollar could have a material adverse effect on our business, financial condition and results of operations.

Conversely, as we rely entirely on dividends paid to us by our PRC subsidiary, any depreciation of the Renminbi may materially and adversely affect our cash flows, revenue and financial condition, and the value of, and any dividends payable on, our Shares in foreign currency terms. Further information on our foreign exchange risks and certain exchange rates is set out in the section headed "Financial Information – Quantitative and Qualitative Disclosure about Market Risk – Foreign Currency Risk Management" in this prospectus.

**Inflation in China could negatively affect our growth and profitability.**

The PRC economy has experienced rapid growth in recent years, such growth can lead to growth in money supply and rising inflation. If prices for our products rise at a rate that is insufficient to compensate the rise in our costs, our business and financial performance may be materially and adversely affected. In order to control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity policies can lead to a slowing of economic growth and could materially and adversely affect our business, growth and profitability.



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## RISK FACTORS

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### **We face risks related to health epidemics and other outbreaks.**

Our business could be adversely affected by the effects of Severe Acute Respiratory Syndrome (“SARS”), avian influenza, swine influenza or another epidemic or outbreak on the economic and business climate. China reported a number of cases of SARS in April 2003, avian influenza was reported in western China and several countries in Southeast Asia in 2005 and 2006, and swine influenza caused numerous human deaths in several Chinese provinces in 2005. Any prolonged recurrence of SARS, avian influenza, swine influenza or other adverse public health developments in China may have a material adverse effect on our business operations. These could include our ability to travel or ship our products outside of China, as well as temporary closure of our manufacturing facilities. Such closures or travel or shipment restrictions would severely disrupt our business operations and adversely affect our results of operations. Our business operations could be disrupted if one of our employees is suspected of having SARS, avian influenza or swine influenza, since it could require us to quarantine some or all of our employees and/or disinfect our facilities. In addition, our results of operations could be adversely affected to the extent that SARS, avian influenza, swine influenza or another outbreak harms the Chinese economy in general.

### **RISKS RELATING TO THE GLOBAL OFFERING**

#### **There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile.**

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Joint Global Coordinators (on behalf of the Underwriters) and us, and may differ from the market prices for our Shares after the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, our Shares. However, there is no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. The market price, liquidity and trading volume of our Shares may be volatile.

We cannot assure you that shareholders will be able to sell their Shares or achieve their desired price. As a result, shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares under the Global Offering. Factors that may affect the volume and price at which our Shares will be traded include, among other things, variations in our sales, earnings, cash flows and costs, announcements of new investments and changes in laws and regulations in China. We cannot assure you that these developments will not occur in the future. In addition, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

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## RISK FACTORS

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**Purchasers of our Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.**

The Offer Price of our Shares is higher than our net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma net tangible assets value per Share.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience dilution in the net tangible assets value per Share if we issue additional Shares in the future at a price which is lower than our net tangible assets value per Share.

**Future sales by our existing shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares.**

Future sales of a substantial number of our Shares by our existing shareholders, or the possibility of such sales, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Shares held by the Controlling Shareholder are subject to certain lock-up undertakings for periods ending six to twelve months after the date on which trading in our Shares commences on the Hong Kong Stock Exchange, details of which are set out in the section headed "Underwriting" in this prospectus. We cannot assure you that the Controlling Shareholder will not dispose of any Shares it may now own or in the future.

**Forward-looking information may prove inaccurate.**

This prospectus contains forward-looking statements and information relating to our business, operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words "anticipate," "believe," "could," "expect," "intend," "may," "plan," "prospects," "seek," "will," "would" and similar expressions, as they relate to our business, are intended to identify forward-looking statements. Such statements reflect our current beliefs with respect to future events and are subject to various assumptions, risks and uncertainties including the risk factors described in this prospectus. Should any of the underlying assumptions or information prove incorrect, or should one or more of these risks or uncertainties materialize, actual results may diverge significantly from the forward-looking statements in this prospectus. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement. We do not intend to update these forward-looking statements in addition to on-going disclosure obligations pursuant to the Hong Kong Listing Rules or other requirements of the Hong Kong Stock Exchange.

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## RISK FACTORS

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**Certain facts and other statistics with respect to China, the PRC economy and the global and PRC aluminum extrusion industries in this prospectus are derived from various official government sources and may not be reliable.**

Certain facts and other statistics in this prospectus relating to China, the PRC economy and the global and PRC aluminum extrusion industries and related markets have been derived from various official government publications. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Global Coordinators, the Underwriters or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Furthermore, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics.

**You should read the entire prospectus carefully and rely only on the information contained in this prospectus in making your investment decision. We strongly caution you against any reliance on any information contained in press articles or other media reports not prepared or approved by us.**

There has been press and media coverage regarding the Group and the Global Offering, for example, on April 16, 2009, the South China Morning Post, Hong Kong Economic Journal, Oriental Daily News, The Sun, China Daily Hong Kong Edition and ET Net English Section published certain articles, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us. Such articles were not prepared or approved by us. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any of the information contained therein or any assumptions underlying such information, nor do we accept any responsibility for the accuracy or completeness of any such information or assumptions.

You should carefully evaluate all the information in this prospectus, including the risks described in this section and throughout the prospectus. We have in the past received, and may continue to receive, a high degree of media coverage, including coverage that is not directly attributable to statements made by our officers and employees. You should rely only on the information contained in this prospectus in making your investment decision.

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## **WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE COMPANIES ORDINANCE**

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In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules and the Companies Ordinance:

### **I. CONNECTED TRANSACTIONS**

Members of our Group have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the Hong Kong Listing Rules after the Listing. Our Company has received from the Hong Kong Stock Exchange a waiver from strict compliance with the announcement and independent shareholders' approval requirement set out in Chapter 14A of the Hong Kong Listing Rules for such non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Relationship with the Controlling Shareholder and continuing connected transactions" in this prospectus.

### **II. MANAGEMENT PRESENCE**

Rule 8.12 of the Hong Kong Listing Rules requires that a new applicant applying for a primary listing on the Main Board of the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily residents in Hong Kong. Since our principal business operations and manufacturing facilities are primarily located, managed and conducted in the PRC, our senior management members are and will therefore continue to be based in the PRC. Our Company has established a principal place of business in Hong Kong on December 29, 2008 and has registered as a non-Hong Kong company under Part XI of the Companies Ordinance on January 22, 2009. However, save that Mr. Cheung Lap Kei ("Mr. Cheung"), our joint company secretary, who is ordinarily resident in Hong Kong, Mr. Ma Xiaowei, a non-executive Director, and two of the four independent non-executive Directors, namely Mr. Wong Chun Wa and Mr. Lo Wa Kei, Roy, who are Hong Kong residents, all the other Directors are not Hong Kong residents or based in Hong Kong. Our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong. We have applied to the Hong Kong Stock Exchange for a waiver from the strict compliance with the requirement under Rule 8.12 of the Hong Kong Listing Rules on the following grounds:

- (a) our Group's principal place of business is based in Liaoyang, Liaoning Province of the PRC;
- (b) throughout the Track Record Period, most of our Group's senior management staff are mainly located in Liaoyang, Liaoning Province of the PRC;
- (c) our Group's principal business operations and manufacturing facilities are based in the PRC;
- (d) Mr. Cheung, our joint company secretary, is an ordinarily resident in Hong Kong; and

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## WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE COMPANIES ORDINANCE

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- (e) the management and operation of our Group has been under the supervision of the existing five executive Directors, which has proven to be effective. They are responsible for the day-to-day management of our Group's business. The appointment of two additional executive Directors to reside in Hong Kong or the relocation of our Company's executive Directors to Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness and responsiveness of the decision making process of the Board, especially when business decisions are required to be made within a short period of time.

We have received from the Hong Kong Stock Exchange a waiver from strict compliance with Rule 8.12 of the Hong Kong Listing Rules subject to the following conditions:

- (a) we will appoint two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. We have appointed Mr. Cheung, our joint company secretary, who is ordinarily resident in Hong Kong, and Mr. Lu Changqing ("Mr. Lu"), our executive Director and a joint company secretary as our two authorized representatives. Each of the authorized representatives will be available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by telephone, facsimile or email. Each of the authorized representatives is authorized to communicate on our behalf with the Hong Kong Stock Exchange;
- (b) both of our authorized representatives will have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the members of the Board for any matters;
- (c) we shall promptly inform the Hong Kong Stock Exchange of any changes on the authorized representatives;
- (d) we have appointed a compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules who will also act as our channel of communication with the Hong Kong Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Hong Kong Listing Rules; and
- (e) all Directors (including the independent non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong prior to the Listing and will be able to meet with the relevant members of the Hong Kong Stock Exchange within a reasonable period of time, when required.

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## **WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE COMPANIES ORDINANCE**

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### **III. DISCLOSURES RELATING TO THE GRANTEES OF PRE-IPO OPTIONS**

In view of the fact that our Company has granted options under our Pre-IPO Share Option Scheme to more than 70 grantees, we have applied to the Hong Kong Stock Exchange for a waiver from the strict compliance with the disclosure requirements under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and to the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedules to the Companies Ordinance for the reasons set out in the paragraph headed “D. Other Information – 2. Pre-IPO Share Option Scheme” in Appendix VI to this prospectus. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance subject to the conditions set out in the aforesaid paragraph. In addition, the Hong Kong Stock Exchange has granted the waiver subject to the conditions set out in the aforesaid paragraph.

### **IV. QUALIFICATION OF COMPANY SECRETARY**

As a company secretary of our Company, Mr. Lu is not an ordinarily resident in Hong Kong as required under Rule 8.17 of the Hong Kong Listing Rules and does not possess the qualification required under Rule 8.17(2) of the Hong Kong Listing Rules, and therefore he does not meet all the requirements under Rule 8.17 of the Hong Kong Listing Rules. Our Company has appointed Mr. Cheung as a joint company secretary, who is ordinarily resident in Hong Kong and meets the requirements under Rule 8.17 of the Hong Kong Listing Rules to assist Mr. Lu so as to enable him to acquire the relevant experience (required under Rule 8.17(3) of the Hong Kong Listing Rules) to discharge the duties of a company secretary. Mr. Cheung has been engaged by our Company in the above capacity for a period of three years commencing on the Listing Date (the “engagement period”). During the engagement period, Mr. Cheung will ensure that he will be available to provide assistance to Mr. Lu as described above. In addition, our Company will provide Mr. Lu with sufficient training through attending relevant external seminars and/or training courses. Upon expiry of the engagement period, the ability of Mr. Lu to discharge the duties of a company secretary of our Company and the need for ongoing assistance will be further evaluated by our Company in order to determine whether the appointment of Mr. Lu as sole company secretary would satisfy the requirements as stipulated in the Hong Kong Listing Rules.

Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.17 of the Hong Kong Listing Rules. Further details of the waiver granted by the Hong Kong Stock Exchange are set out in the paragraph headed “Joint company secretaries” in the section headed “Directors, senior management and staff” in this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Hong Kong Listing Rules for the purposes of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

### **UNDERWRITING**

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before the Price Determination Date. The Global Offering is managed by the Joint Global Coordinators. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting – Underwriting arrangements and expenses" in this prospectus.

### **SELLING RESTRICTIONS**

Each person acquiring Offer Shares will be required to confirm, or by his acquisition of Offer Shares be deemed to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

### **INFORMATION ON THE GLOBAL OFFERING**

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Sponsors, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering,” and the procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed “How to Apply for Hong Kong Public Offer Shares” and on the relevant Applications Forms.

### **APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE**

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the exercise of any options that may be granted under our Pre-IPO Share Option Scheme and Share Option Scheme.

Save as disclosed herein, no part of the equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Applicants should consult their professional advisors if they are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in our Shares. It is emphasized that none of our Group, the Joint Global Coordinators, the Underwriters, any of their respective directors, agents or advisors or any other person involved in the Global Offering accepts responsibility for the tax effects or liabilities resulting from your subscription for, purchase, holding, disposal of or dealing in our Shares.



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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **HONG KONG SHARE REGISTER AND STAMP DUTY**

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands.

Dealings in our Shares registered in the share register of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

### **OVER-ALLOTMENT AND STABILIZATION**

In connection with the Global Offering, UBS, as stabilizing manager (the "Stabilizing Manager"), or any person acting for it may over-allot Shares or effect any other transactions with a view to stabilizing and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action.

In connection with the Global Offering, our Company is expected to grant to the International Purchasers the Over-allotment Option, which is exercisable in full or in part by the Joint Global Coordinators (on behalf of the International Purchasers) no later than 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 210,000,000 Shares, representing 15% of the total number of Shares initially available under the Global Offering, to, among other things, cover over-allotment in the International Offering, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in the section headed "Structure of the Global Offering – Stabilizing Action" in this prospectus.

### **PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES**

The application procedures for the Hong Kong Public Offer Shares are set out in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

### **STRUCTURE OF THE GLOBAL OFFERING**

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

### **ROUNDING**

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Liu Zhongtian (劉忠田)	5th Floor, No. 183, 4th Group Xujiatun, Hongwei District Liaoyang, Liaoning PRC	Chinese
Lu Changqing (路長青)	Unit 902, Building 614 Guofeng Beijing Wangjing Dongyuan Chaoyang District Beijing PRC	Chinese
Chen Yan (陳岩)	6th Floor, Unit 4, Block 8 Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	Chinese
Zhong Hong (鍾宏)	3-16, Building 3 Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	Chinese
Gou Xihui (勾喜輝)	4-20, Building 3 Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	Chinese
<i>Non-executive Director</i>		
Ma Xiaowei (馬小偉)	Flat C, 12th Floor Block 1, Marina Garden Tuen Mun, New Territories Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### *Independent Non-executive Directors*

Wong Chun Wa (王振華)	Flat H, 20/F, Block 2 Laguna Verde Hung Hom, Kowloon Hong Kong	Chinese
Wen Xianjun (文獻軍)	No. 1501, Block D Building 3 Shenggu Jiayuan Chaoyang District Beijing PRC	Chinese
Shi Ketong (史克通)	5-502, No. 72 Block East Yong Le Residential Quarter Shijingshan District Beijing PRC	Chinese
Lo Wa Kei, Roy (盧華基)	Flat E, 16/F, Block 6 Laguna City, Kowloon Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Global Coordinators and  
Joint Bookrunners**

CITIC Securities Corporate Finance (HK) Limited  
26/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

J.P. Morgan Securities Ltd.  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

UBS AG, acting through its business division,  
UBS Investment Bank  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**Joint Lead Managers**

CITIC Securities Corporate Finance (HK) Limited  
26/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

J.P. Morgan Securities Ltd.  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

Macquarie Capital Securities Limited  
Level 18, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

UBS AG, acting through its business division,  
UBS Investment Bank  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### **Joint Sponsors**

CITIC Securities Corporate Finance (HK) Limited  
26/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

UBS AG, acting through its business division,  
UBS Investment Bank  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### **Legal advisors to our Company**

*As to Hong Kong law*  
Richards Butler  
in association with Reed Smith LLP  
20/F, Alexandra House  
16-20 Chater Road  
Central  
Hong Kong

*As to United States law*  
Latham & Watkins  
41/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*As to PRC law*  
Commerce & Finance Law Offices  
6/F, NCI Tower  
A12 Jianguomenwai Avenue  
Chaoyang District  
Beijing 100022  
China

*As to Cayman Islands law*  
Conyers Dill & Pearman  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Legal advisors to the Underwriters**

*As to Hong Kong and United States law*  
Morrison & Foerster  
33/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

*As to PRC law*  
Jingtian & Gongcheng  
15/F, the Union Plaza  
20 Chaowai Avenue  
Chaoyang District  
Beijing 100020  
China

**Reporting accountants**

Deloitte Touche Tohmatsu  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

**Property valuers**

Savills Valuation and Professional Services  
Limited  
23/F, Two Exchange Square  
Central  
Hong Kong

**Receiving bankers**

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road  
Hong Kong

Bank of Communications Co., Ltd.  
Hong Kong Branch  
20 Pedder Street  
Central  
Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
13th Floor, 4-4A Des Voeux Road Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Headquarter and principal place of business in the PRC</b>	No. 299, Wensheng Road Liaoyang City Liaoning 111003 China
<b>Place of business in Hong Kong</b>	20th Floor Alexandra House Central Hong Kong
<b>Company website</b>	<b><a href="http://www.zhongwang.com">www.zhongwang.com</a></b> (The contents of this website do not form part of this prospectus)
<b>Joint company secretaries</b>	Lu Changqing Cheung Lap Kei
<b>Authorized representatives</b>	Lu Changqing Unit 902, Building 614 Guofeng Beijing Wangjing Dongyuan Chaoyang District Beijing PRC  Cheung Lap Kei Flat E, 50/F, Block 6 Banyan Garden 863 Lai Chi Kok Road Lai Chi Kok Kowloon, Hong Kong

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## CORPORATE INFORMATION

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<b>Audit committee</b>	Wong Chun Wa (chairman) Wen Xianjun Shi Ketong
<b>Remuneration committee</b>	Wen Xianjun (chairman) Liu Zhongtian Shi Ketong
<b>Corporate governance committee</b>	Lo Wa Kei, Roy (chairman) Wen Xianjun Shi Ketong
<b>Strategy and development committee</b>	Mr. Liu (chairman) Lu Changqing Wen Xianjun
<b>Principal share registrar and transfer office</b>	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O.Box 609 Grand Cayman KY1-1107 Cayman Islands
<b>Hong Kong Share Registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Compliance advisor</b>	Shenyin Wanguo Capital (H.K.) Limited 28/F, Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong



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## CORPORATE INFORMATION

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### Principal bankers

Agricultural Bank of China  
Liaoyang City, Hongwei branch  
Qingxin Street, Liaoyang City  
Liaoning Province  
The PRC

Dalian Bank Co., Ltd.  
No. 88 Zhongshan Road  
Zhongshan District, Dalian  
Liaoning Province  
The PRC

China Minsheng Banking Corp. Ltd.  
Dalian branch  
No. 28 Yanan Road  
Zhongshan District, Dalian  
Liaoning Province  
The PRC

Bank of Communications Co., Ltd.  
Liaoyang Branch  
No. 114 Xinyun Street  
Wensheng District, Liaoyang City  
Liaoning Province  
The PRC

The Export-Import Bank of China  
Dalian Branch  
No. 15 Renmin Road  
Zhongshan District, Dalian  
Liaoning Province  
The PRC

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## INDUSTRY OVERVIEW

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*Certain information and statistics set out in this section have been extracted from various official government publications. We have taken reasonable care in the extraction, compilation and reproduction of such information presented in this section and elsewhere in this prospectus. None of us or the Joint Sponsors, the Underwriters, or any of their respective affiliates or advisors has independently verified the information directly or indirectly derived from these sources, and such information may not be consistent with other information compiled within or outside China.*

*We have commissioned CRU Strategies Limited (“CRU”),<sup>(1)</sup> a management consulting company based in London, the United Kingdom with a focus on the global aluminum extrusion industry, and Sunlight Metal Consulting (Beijing) Co. Ltd. (“Sunlight Metal”),<sup>(2)</sup> a consulting company in China with a focus on the PRC aluminum extrusion industry, to prepare reports<sup>(3)</sup> on the aluminum extrusion industry.<sup>(4)</sup>*

### THE CHARACTERISTICS AND APPLICATION OF ALUMINUM EXTRUSION PRODUCTS

Aluminum is a lightweight, corrosion resistant metal, which is high in electrical conductivity and suitable for a wide range of applications. Because of its abundance and broad applications, aluminum is one of the most widely-used nonferrous metals in the world. Aluminum that is often used for fabrication includes primary aluminum smelted from the raw material alumina and recycled aluminum produced from scrap metal.

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- (1) CRU provides management, strategy and commercial consulting services to producers and users of metals and to governments and international agencies, banks and investors with interests in the mining, metals, power, cables, fertilizer and chemical industries. CRU's expertise covers nonferrous metals, precious metals, steel and ferroalloys. CRU is part of the CRU Group which was founded in late 1960s and is a source of information, analysis and consultancy for the mining, metals, power, cables, fertilizer and chemical industries.
  - (2) Sunlight Metal, based in China and founded in 2006, is principally engaged in providing market research, industry research, consultancy and advisory services in respect of aluminum and magnesium.
  - (3) CRU and Sunlight Metal are the only data source providers which have been commissioned by us.
  - (4) The parameters and assumptions of CRU's and Sunlight Metal's reports reflect their understanding of the prevailing international and China extrusion markets at the time of preparation of the reports. The historical market data are generated through the analysis of relevant data such as production, trade and consumption that are prepared by various governmental and industry associations such as the Aluminum Association (which serves the United States and Canada) and European Aluminum Association, China Nonferrous Metals Industry Association, China Association of Automobile Manufacturers, China Construction Metal Structure Association and China Association of Shipbuilding Industry. For some countries, published data may not be available or up-to-date, in which case it is necessary to make estimates based on regular contact (e.g., via telephone interviews and in-person meetings) with industry participants such as producers, consumers and traders, as well as secondary sources such as conference presentations and news articles. Market forecasts are driven by CRU's and Sunlight Metal's own in-depth, macro-economic platforms that present CRU's and Sunlight Metal's view of the key demand drivers such as gross domestic product and industrial production on a country-by-country and key sector basis. CRU and Sunlight Metal then seek views from their industry contacts on factors such as intensity of use in key end-use sectors and inventory changes, and combine these with their respective macro-economic outlook and long experience of the shape of cycles in the industry to come up with a forecast. The terms of engagement in respect of the reports prepared by CRU and Sunlight Metal are primarily standard terms including consulting fees, payment method, timing of completion of the report and confidentiality terms. The consulting fees in the aggregate amounted to not more than RMB1.0 million were paid by the Company. Such fees were determined under normal commercial terms after arms' length negotiations. Neither CRU nor Sunlight Metal had any previous dealings with our Group.

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## INDUSTRY OVERVIEW

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Semi-fabricated aluminum products involve the processing of primary aluminum and include both wrought products and cast products. A wrought product results from mechanical working of aluminum by processes such as rolling, extrusion and forging. A cast product is produced by introducing molten aluminum into a mold. Aluminum extrusion products are a type of semi-fabricated aluminum product.

The features of extrusion products include design flexibility, strength, lightweight construction and resistance to corrosion. These features have encouraged the use of extrusion products in a number of applications. In the transportation industry, aluminum's lightweight quality reduces the energy required to accelerate and decelerate, and its high resistance to corrosion reduces maintenance costs. Aluminum is also an ideal construction material for both decorative and functional applications. It can be easily fabricated, installed, painted or bonded to other materials. Aluminum is stronger than many other materials and thus allows a slimmer profile in doors and windows. It can also add extra rigidity and security to structures.

Aluminum extrusion products are primarily used in the transportation, machinery and equipment, construction and other industries. The table below summarizes the main specific applications of aluminum extrusion products by industries.

<b>Transportation</b>	<b>Machinery and equipment</b>	<b>Construction</b>	<b>Other</b>
Train body shells, aircraft fuselage, wings, landing gear and seats, and bumpers	Elevators and escalators	Window and door frames	HVAC equipment
Heat exchangers	Guards, handrails and platforms	Curtain walls	Solar panels
Car and truck structures	Agricultural machinery	Structural frames	Lighting systems
Sunroofs	Heat sinks	Bridges	Ladders
Truck side-planks, door frames and safety beams	Modular handling and assembly line systems	Guardrails and directional signs	

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Source: CRU

## INDUSTRY OVERVIEW

### GLOBAL ALUMINUM EXTRUSION INDUSTRY

#### Global Aluminum Extrusion Consumption

Global aluminum extrusion consumption has grown from approximately 8.7 million tons in 2001 to approximately 13.2 million tons in 2007, representing a CAGR of approximately 7.2%. In 2007, China was the largest aluminum consuming market, accounting for approximately 39% of global aluminum extrusion products consumption.

The table below sets out the historical and projected global aluminum extrusion consumption by region and the respective CAGR for the period between 2001 and 2010.

#### Global aluminum extrusion consumption by region, 2001-2010 ('000 tpy)

	2001	2002	2003	2004	2005	2006	2007	2008E	2009E	2010E	2001- 2007 CAGR	2005- 2007 CAGR	2007- 2010 CAGR
China . . . . .	1,719	1,828	2,012	2,479	2,746	3,650	5,143	5,685	5,799	6,440	20.0%	36.8%	7.8%
Europe . . . . .	2,824	2,852	2,878	2,997	3,020	3,209	3,302	3,255	3,121	3,178	2.6%	4.6%	(1.3)%
North America . . . . .	1,701	1,702	1,716	1,895	2,004	2,041	1,792	1,532	1,321	1,325	0.9%	(5.4)%	(9.6)%
Middle East and Africa . . . . .	337	349	363	378	407	447	498	531	530	560	6.7%	10.5%	4.0%
Japan . . . . .	1,017	988	1,013	1,043	1,007	1,018	975	898	862	857	(0.7)%	(1.6)%	(4.2)%
Rest of Australasia <sup>(1)</sup> . . . . .	857	893	951	1,029	1,077	1,161	1,230	1,292	1,292	1,356	6.2%	6.9%	3.3%
Latin America . . . . .	243	225	219	253	237	255	258	262	269	272	1.0%	4.3%	1.8%
<b>Total Consumption.</b>	<b>8,698</b>	<b>8,838</b>	<b>9,153</b>	<b>10,075</b>	<b>10,499</b>	<b>11,781</b>	<b>13,198</b>	<b>13,456</b>	<b>13,195</b>	<b>13,989</b>	<b>7.2%</b>	<b>12.1%</b>	<b>2.0%</b>

Source: CRU

(1) Includes all countries and territories in Asia and Oceania except China and Japan.

According to CRU, 2007 was the cyclical peak year for growth across many world economies, but the credit crunch had a modest effect from late 2007 and through the first half of 2008. The sub-prime mortgage crisis affected first and foremost private fixed investment in residential assets, which in the U.S. fell 17.9% in 2007 and 20.7% in 2008. The situation was mirrored on a smaller scale in Japan, where a 9.1% drop in 2007 was followed by a 9.3% drop in 2008. Europe felt the impact only in 2008, while China remained above the 15% level. Non-residential constructions fared a little better, but still dropped substantially throughout 2008.

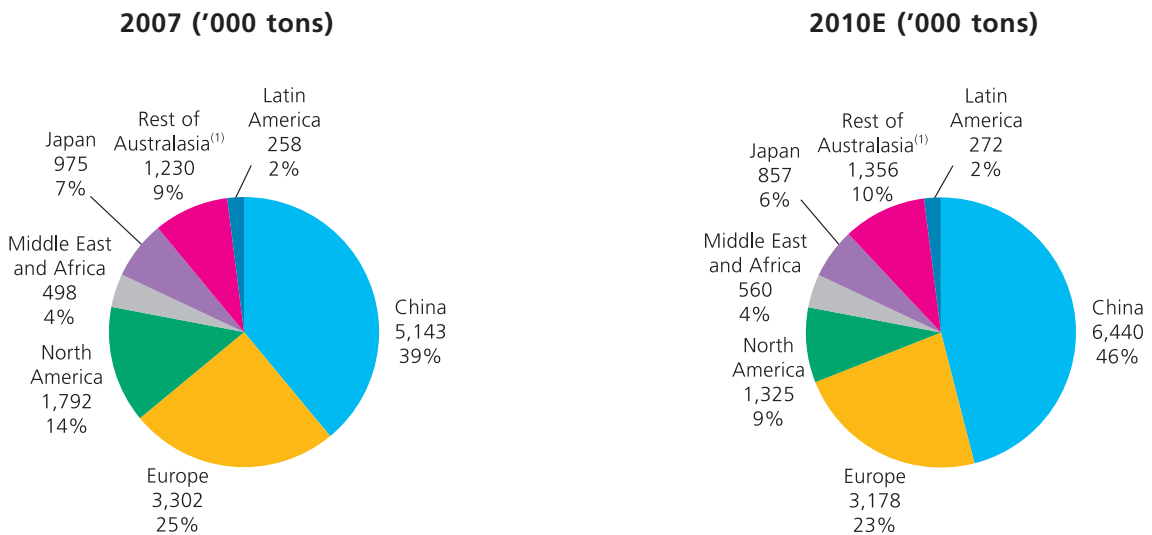
## INDUSTRY OVERVIEW

Generally speaking, consumer-oriented sectors such as domestic appliances and motor vehicles began their slide at the end of 2007, while sectors connected with industrial-scale production, such as engineering and freight transport only felt the full brunt of the downturn in 2008. The latter are more significant for aluminum extrusion demand, and that is why consumption first registered a significant drop in the developed world in the fourth quarter of 2007. In Europe, apparent consumption fell by 3.5% in the fourth quarter of 2007, and then by 5.1%, 6.1%, 8.2% and 8.5%, respectively, over the four quarters in 2008. In the U.S. and Canada, consumption dropped by 14.5% overall in 2007 and by 8.0% in 2008. In China, growth for September 2008 was only 4.4%, compared with growth figures of over 20% for each other month in 2008.

From 2007 onwards, global aluminum extrusion consumption is expected to grow to approximately 14.0 million tons in 2010, with a CAGR of approximately 2.0% from 2007 to 2010. While North America, Japan and Europe are expected to see a decline in consumption, China is expected to grow at a CAGR of approximately 7.8%, causing it to remain the largest consuming country of aluminum extrusion products, accounting for approximately 46% of total global projected consumption in 2010.

The charts below set out a breakdown of global aluminum extrusion consumption by region in 2007 and 2010 (projected).

### Global aluminum extrusion consumption by region, 2007 and 2010



Source: CRU

(1) Includes all countries and territories in Asia and Oceania except China and Japan.

## INDUSTRY OVERVIEW

The majority of aluminum extrusion products are used in the construction industry. During the period between 2001 and 2007, consumption by the construction industry grew strongly from approximately 5.4 million tons to approximately 8.3 million tons, representing a CAGR of approximately 7.5%. Consumption by the transportation industry grew from approximately 1.2 million tons to approximately 1.7 million tons, representing a CAGR of approximately 6.7%. In addition, consumption by the machinery and equipment industry has experienced rapid growth from approximately 1.0 million tons in 2001 to approximately 1.6 million tons in 2007, representing a CAGR of approximately 8.8%.

The table below sets out the historical and projected global aluminum extrusion consumption by end-use and the respective CAGR for the period between 2001 and 2010.

### Global aluminum extrusion consumption by end-use, 2001-2010 ('000 tpy)

	2001	2002	2003	2004	2005	2006	2007	2008E	2009E	2010E	2001- 2007 CAGR	2005- 2007 CAGR	2007- 2010 CAGR
Construction . . . . .	5,373	5,417	5,576	6,071	6,311	7,205	8,293	8,506	8,385	8,897	7.5%	14.6%	2.4%
Transportation . . . . .	1,158	1,210	1,290	1,479	1,570	1,690	1,707	1,663	1,586	1,671	6.7%	4.3%	(0.7)%
Machinery and equipment . . . . .	957	982	1,042	1,182	1,237	1,386	1,586	1,655	1,634	1,750	8.8%	13.2%	3.3%
Electrical . . . . .	347	337	327	365	381	420	448	449	433	446	4.3%	8.3%	(0.2)%
Consumer durables . . . . .	437	460	476	510	518	566	610	620	602	642	5.7%	8.5%	1.7%
Other . . . . .	425	431	442	468	481	513	555	562	556	584	4.6%	7.5%	1.7%
<b>Total . . . . .</b>	<b>8,698</b>	<b>8,838</b>	<b>9,153</b>	<b>10,075</b>	<b>10,499</b>	<b>11,781</b>	<b>13,198</b>	<b>13,456</b>	<b>13,195</b>	<b>13,989</b>	<b>7.2%</b>	<b>12.1%</b>	<b>2.0%</b>

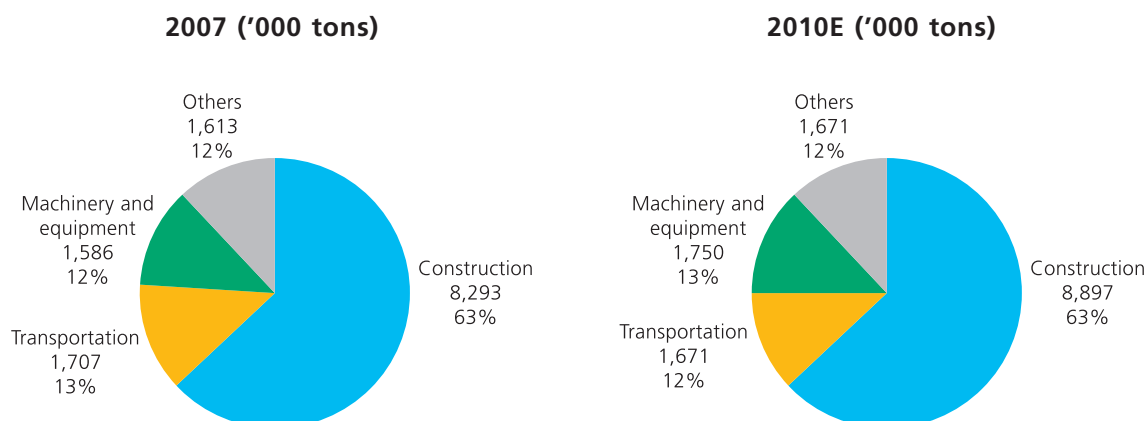
Source: CRU

Construction activities are expected to be affected by the world economic environment. However, the construction industry is still expected to remain the largest consuming sector of aluminum extrusion products with a dominant market share of more than 60% globally. Consumption of aluminum extrusion products by the transportation industry and machinery and equipment industry will continue to constitute an important part of the global consumption.

## INDUSTRY OVERVIEW

The charts below set out a breakdown of global aluminum extrusion consumption by end-use in 2007 and 2010 (projected).

### Global aluminum extrusion consumption by end-use, 2007 and 2010



Source: CRU

### Global Aluminum Extrusion Production

Global aluminum extrusion production has grown from approximately 8.8 million tons in 2001 to approximately 13.4 million tons in 2007, representing a CAGR of approximately 7.4%. China's aluminum extrusion production contributed approximately 43% of global aluminum extrusion production in 2007.

The table below sets out the historical and projected global aluminum extrusion production by region and the respective CAGR for the period between 2001 and 2010.

### Global aluminum extrusion production by region 2001-2010 ('000 tpy)

	2001	2002	2003	2004	2005	2006	2007	2008E	2009E	2010E	2001-2007 CAGR	2005-2007 CAGR	2007-2010 CAGR
China	1,720	1,850	2,100	2,650	3,050	4,230	5,717	6,187	6,301	6,942	22.2%	36.9%	6.7%
Europe	2,871	2,915	2,959	3,185	3,162	3,281	3,130	3,089	2,943	2,988	1.5%	(0.5)%	(1.5)%
North America	1,670	1,659	1,652	1,789	1,858	1,873	1,615	1,393	1,172	1,168	(0.6)%	(6.8)%	(10.2)%
Middle East and Africa	334	331	339	350	373	389	451	496	506	548	5.1%	10.0%	6.7%
Japan	1,019	991	1,021	1,054	1,026	1,035	989	910	871	862	(0.5)%	(1.9)%	(4.5)%
Rest of Australasia <sup>(1)</sup>	893	901	979	1,063	1,110	1,181	1,250	1,315	1,316	1,381	5.8%	6.1%	3.4%
Latin America	263	248	242	259	237	247	294	287	284	277	1.8%	11.4%	(2.0)%
<b>Total Production</b>	<b>8,769</b>	<b>8,895</b>	<b>9,292</b>	<b>10,350</b>	<b>10,816</b>	<b>12,236</b>	<b>13,446</b>	<b>13,677</b>	<b>13,393</b>	<b>14,164</b>	<b>7.4%</b>	<b>11.5%</b>	<b>1.7%</b>

Source: CRU

(1) Includes all countries and territories in Asia and Oceania except China and Japan.

## INDUSTRY OVERVIEW

It is important to note that some of the previously existing capacity in North America, as well as in Japan, has effectively been transferred to lower-cost areas such as China, Thailand, and Eastern Europe.

### Major Global Aluminum Extrusion Producers

The global aluminum extrusion industry is very fragmented due to the small scale of extrusion plants and the localized nature of the business. The majority of plants are small, privately owned enterprises. The top 10 leading global aluminum extrusion producers only accounted for an estimated 23% of the global aluminum extrusion production in 2007. Since aluminum extrusion products are usually custom-made in small-scale plants, same-site vertical integration with primary production does not confer significant advantages. Only a few of the major integrated aluminum companies have continued their involvement in the extrusion sector.

The table below sets out the top 10 leading aluminum extrusion producers in the world based on their respective estimated production capacity in 2007.

### Top 10 leading aluminum extrusion producers in the world in 2007 in terms of production capacity

Ranking <sup>(1)</sup>	Company	Headquarters	Production capacity ( <sup>'000 tpy</sup> )	Number of plants <sup>(2)</sup>	Number of extrusion presses <sup>(2)</sup>
1	Sapa AB <sup>(3)</sup> .....	Sweden	860	40	111
2	Norsk Hydro ASA .....	Norway	622	43	83
3	Zhongwang PRC .....	China	505	1	64
4	Alcoa, Inc. ....	U.S.	487	21	101
5	Alcan, Inc. <sup>(4)</sup> .....	Canada	372	18	52
6	Indalex Holding Corp. ....	U.S.	350	13	35
7	Asia Aluminum Holdings Limited ...	China	350	2	38
8	YKK Corporation.....	Japan	272	6	38
9	Nippon Light Metal Co., Ltd. ....	Japan	220	11	25
10	Tostem Corporation.....	Japan	198	6	30

Source: CRU

Notes:

- (1) The top 10 leading aluminum extrusion producers in the world are ranked in terms of production capacity in 2007. As some of these producers are privately owned companies or integrated aluminum producers which do not publish production information by segment, the relevant aluminum extrusion production volume of these producers is not available to CRU and therefore not available for disclosure in the prospectus.
- (2) Plant/extrusion press count data includes plants where a company owns a minority stake. These plants are treated as company plants.
- (3) One exception concerns the plants in Alcoa, Inc.'s soft alloy division which, following the joint venture with Sapa AB, are now under the majority ownership of Sapa AB, which also operates them. They have therefore been included in Sapa AB's plant count, but not in Alcoa, Inc.'s.
- (4) Currently known as Rio Tinto Alcan since the recent merger between Alcan, Inc. and Rio Tinto.



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## INDUSTRY OVERVIEW

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Among the top three leading aluminum extrusion producers in the world, Zhongwang PRC is the largest producer in Asia, while Sapa AB and Norsk Hydro ASA operate overwhelmingly in North America and Europe.

### PRC ALUMINUM EXTRUSION INDUSTRY

#### Overview of the PRC Economy

China's economy has had decades of rapid growth since its economic reform in the late 1970s. According to the National Bureau of Statistics of China (中華人民共和國國家統計局) ("China Statistics Bureau"), China's GDP increased from approximately RMB10,965.5 billion in 2001 to approximately RMB24,953.0 billion in 2007, representing a CAGR of approximately 14.7% and making China one of the fastest growing economies in the world.

The fast growing PRC economy has spurred growth in China's fixed asset investment, which increased from approximately RMB3,721.3 billion in 2001 to approximately RMB13,732.4 billion in 2007, representing a CAGR of approximately 24.3% and outpacing the growth of China's GDP during the same period.

The table sets out year-on-year growth of China's GDP and its fixed asset investment for the period between 2001 and 2007.

(RMB billion)	2001	2002	2003	2004	2005	2006	2007	2001- 2007 CAGR	2005- 2007 CAGR
GDP . . . . .	10,965.5	12,033.3	13,582.3	15,987.8	18,321.7	21,192.4	24,953.0	14.7%	16.7%
Fixed asset investment . . .	3,721.3	4,350.0	5,556.7	7,047.7	8,877.4	10,999.8	13,732.4	24.3%	24.4%

Source: China Statistics Bureau

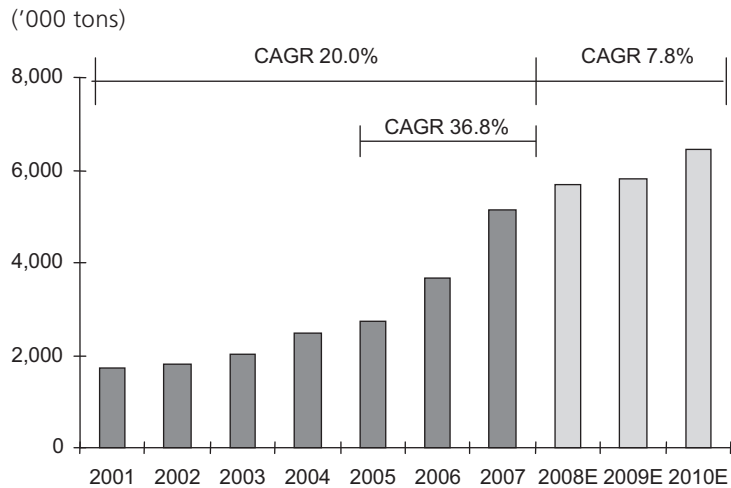
#### China Aluminum Extrusion Consumption

As a result of the country's robust economic growth, aluminum extrusion consumption in China has been experiencing rapid growth since 2001. China is the largest consumer of aluminum extrusion products in the world, accounting for approximately 39.0% of global aluminum extrusion consumption in 2007. In 2007, China consumed approximately 5.1 million tons of aluminum extrusion products, representing a CAGR of approximately 20.0%, compared with approximately 1.7 million tons in 2001. It is estimated that China's aluminum extrusion consumption will continue to grow to approximately 6.4 million tons in 2010, representing a CAGR of approximately 7.8% from 2007 to 2010.

## INDUSTRY OVERVIEW

The chart below sets out the historical and projected aluminum extrusion consumption in China for the period between 2001 and 2010.

**China aluminum extrusion consumption, 2001-2010E**

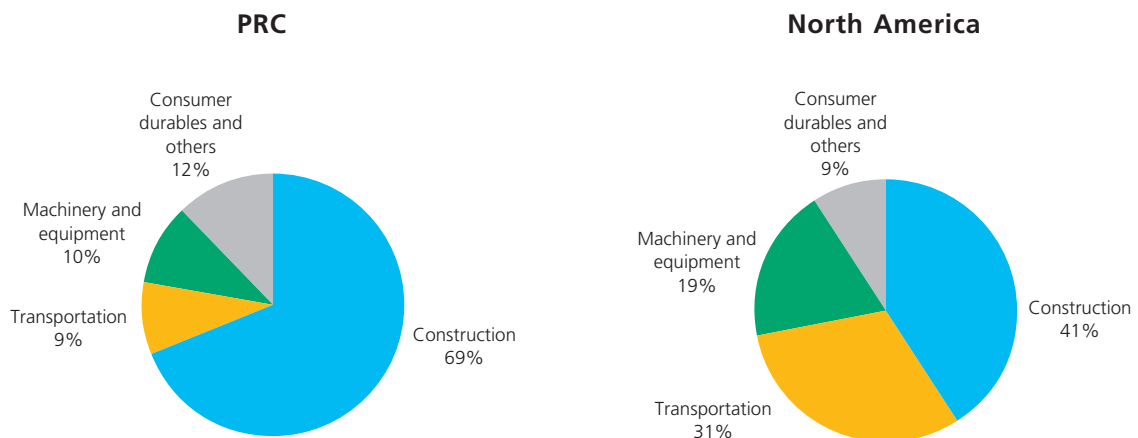


Source: CRU

In China, aluminum extrusion products are widely used in the transportation, machinery and equipment, construction, consumer durables and other industries.

The consumption mix of aluminum extrusion products in China is different from the consumption mix in North America. In 2007, the proportion of aluminum extrusion products consumed in the transportation industry in China is lower than that in North America, being 9% and 31% in China and North America, respectively. The chart below sets out a breakdown of PRC and North America aluminum extrusion consumption by end-use in 2007.

**PRC and North America aluminum extrusion consumption by end-use, 2007**



Source: Sunlight Metal, CRU

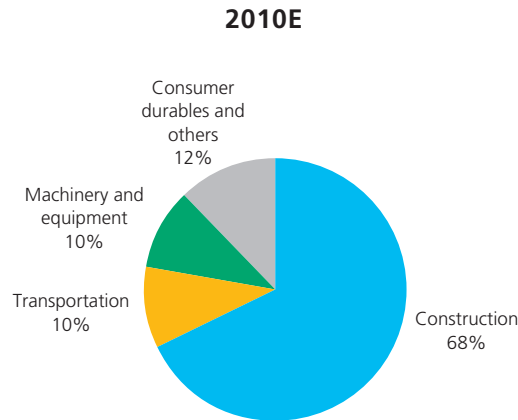
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## INDUSTRY OVERVIEW

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The growth in the industries in which aluminum extrusion products are used affects the demand for various types and configurations, and stimulates continuous research and development of aluminum extrusion products. The chart below sets out a breakdown of PRC aluminum extrusion consumption by end-use in 2010.

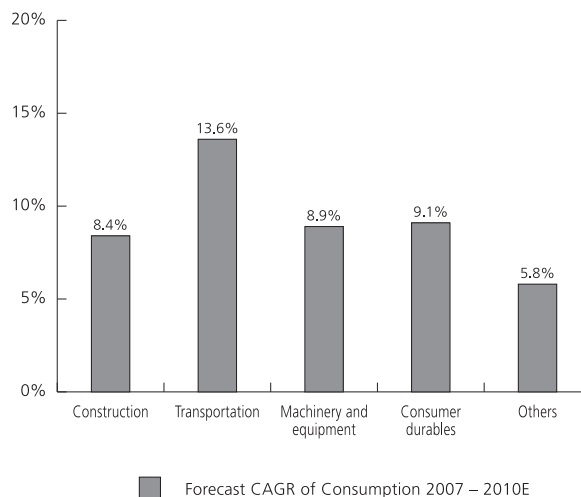
### PRC aluminum extrusion consumption by end-use, 2010E



Source: Sunlight Metal

According to Sunlight Metal, the consumption in the industrial aluminum extrusion market and the construction aluminum extrusion market increased by a CAGR of approximately 28.9% and 21.1%, respectively, for the period between 2001 and 2007. The consumption in the industrial aluminum extrusion market and the construction aluminum extrusion market is expected to increase by a CAGR of approximately 10.0% and 8.4%, respectively, for the period from 2007 to 2010 according to Sunlight Metal. The chart below sets out the projected CAGR of aluminum extrusion consumption by end-use in China for the forecast period between 2007 and 2010, in which consumption in the transportation industry is expected to grow faster compared to other industries from 2007 to 2010.

### CAGR of aluminum extrusion consumption by end-use in China, 2007-2010E



Source: Sunlight Metal

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## INDUSTRY OVERVIEW

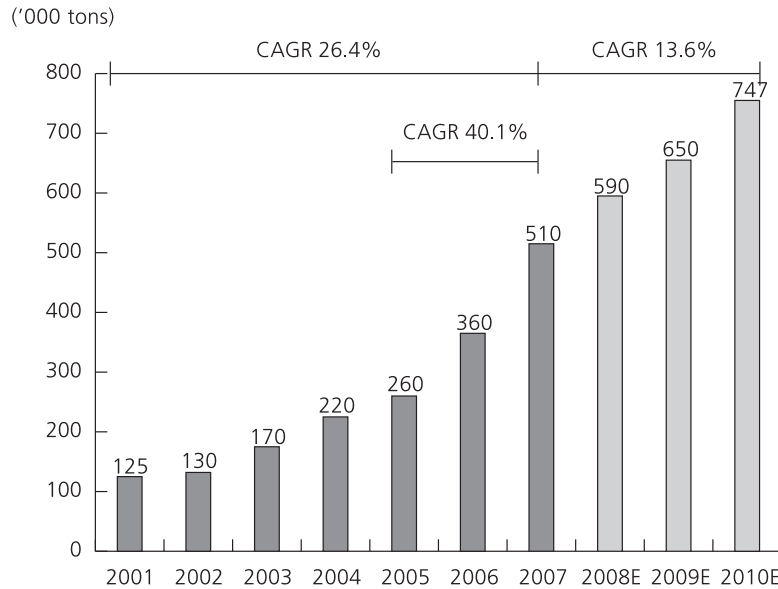
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### Aluminum Extrusion Consumption in the PRC Transportation Industry

Transportation is one of the fastest growing market segments for aluminum extrusion products in China.

Driven by the rapid development of the transportation industry and the continuous technological advances in means of transportation, aluminum extrusion products are expected to enjoy increasingly wide applications in railway and metropolitan railway, automotive, shipbuilding, aviation and other transportation sectors.

### Aluminum extrusion consumption in the PRC transportation industry, 2001-2010E<sup>(1)</sup>



Source: Sunlight Metal

(1) The estimated figures for 2008 to 2010 do not take into consideration the large fiscal stimulus packages announced by the PRC government.

However, aluminum extrusion consumption in the transportation industry in 2007 was still relatively low at approximately 8.6% of total China's aluminum extrusion consumption compared to those of North America, Europe and Japan at approximately 27%, 18% and 15%, respectively.

In 2007, the transportation industry consumed approximately 510,000 tons, representing a CAGR of approximately 26.4% as compared to approximately 125,000 tons in 2001. It is estimated that demand for aluminum extrusion products in the PRC transportation industry will increase to approximately 747,000 tons in 2010, representing a CAGR of approximately 13.6% compared to approximately 510,000 tons in 2007.

### Railways and Metropolitan Railways

According to the MOR, China's total railway network operating length was approximately 78,000 kilometers as of the end of 2007, making it the longest in Asia and the third longest in the world. However, this network is still not sufficient to meet the demands placed on it given the size of the population, the scale and growth of the economy of the PRC and the popularity of railway transportation as a medium of transport.

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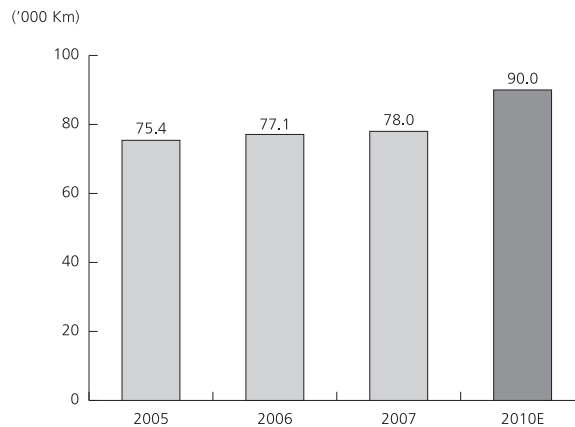
## INDUSTRY OVERVIEW

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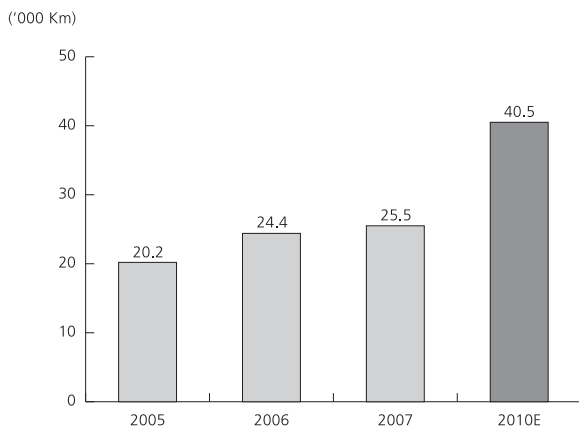
To address the lagging investment in the railway industry in recent years, the PRC government announced the Eleventh Five-year Plan in 2006, which included an aggressive investment and expansion plan for railways in the PRC. The plan calls for a total investment of approximately RMB1.25 trillion to develop the PRC railway network and to purchase railway-related equipment in the period between 2006 and 2010, which is almost four times the corresponding amount budgeted under the Tenth Five-year Plan. According to a spokesman of the MOR, by October 2008, the total amount of investment in the PRC railway network approved by the State Council of the PRC has reached RMB2.0 trillion, of which over RMB1.2 trillion is related to investment in projects under construction. The MOR estimates that the total amount of investment in the PRC railway network will reach RMB5.0 trillion by 2020.

The following charts set forth certain historical data relating to the PRC railway industry and certain estimates based on the Eleventh Five-year Plan and the Mid- to Long-term Railway Network Development Plan.

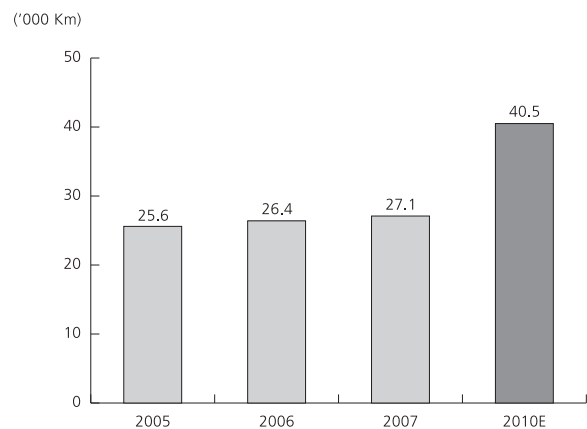
### Operating Length of Railways in PRC



### Operating Length of Electrified Railways in PRC



### Operating Length of Double Tracked Railways in PRC



Source: China Statistics Bureau, MOR

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## INDUSTRY OVERVIEW

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Construction of metropolitan railways has become a vital solution for public transportation problems arising from urbanization, an increased population and economic growth in many major cities in the PRC. In 2007, twelve cities in the PRC had a metropolitan railway system with a total length of approximately 791 kilometers. It is estimated that approximately 55 new lines with an estimated investment of approximately RMB500 billion will be constructed in the next five to ten years, bringing the total operating length of metropolitan railway lines to approximately 1,700 kilometers by 2010.

### **Automobiles**

According to the China Automotive Industry Association, China was the world's second largest automobile market in 2007 in terms of sales volume, ranking behind the United States, and the world's third largest automobile market in the same year in terms of production volume, ranking behind the United States and Japan.

The strong economic growth of China and the accompanying increase in fixed asset investment, improved road transportation infrastructure and the enhancement of consumer purchasing power have brought about rapid growth in the PRC automobile market in the past five years. According to the China Automotive Industry Association, China's total vehicle ownership grew at a CAGR of approximately 12.4%, from approximately 10.4 million units in 1995 to approximately 42.3 million units in 2007. We believe that the PRC automobile market will continue to grow in line with the PRC economy.

### **Aviation**

China's aviation transportation market is one of the fastest growing and largest in the world. To cope with the high growth of air traffic, according to the Civil Aviation Administration of China (中國民用航空局), China will need additional new commercial aircrafts which are expected to make it the second largest aviation transportation market in the world.

According to the Eleventh Five Year Plan, passenger traffic of Chinese airlines measured in passenger-time is expected to continue to increase at an average annual rate of 14.5%, while freight traffic of Chinese airlines measured in tons is expected to grow at an average annual rate of 13% for the period from 2005 to 2010. As a result, the PRC government plans to establish China as a global supplier to the international aircraft manufacturing industry and has approved an investment of RMB50 billion to produce jumbo jets. To prepare for manufacturing jumbo jets, China has worked actively with international aviation companies to manufacture aircraft parts and to build up assembly lines locally.

### **Shipping**

China is now the third largest vessel producing nation in the world. The Chinese shipbuilding industry was stagnant up until the mid-1990s; however since that time, there has been a large increase in both production capacity and output. In 2001, China delivered 108 vessels of approximately 2.5 million DWT. By 2007, China's production output had reached approximately 18.9 million DWT.

It is the Chinese government's stated aim to become the biggest shipbuilding nation in the world. According to the Development Policy for China's Shipbuilding Industry approved by the State Council on August 16, 2006, China's shipbuilding industry aims to reach a production capacity of approximately 23.0 million DWT while the production output is targeted to rise to approximately 17.0 million DWT by 2010.

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## INDUSTRY OVERVIEW

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### **Aluminum Extrusion Consumption in PRC Machinery and Equipment Industry**

Aluminum extrusion products are widely utilized in the machinery and equipment industry, including in the power transformation, radiator, and light industry support system facilities. The table below sets out some major applications of aluminum extrusion products in the machinery and equipment industry.

<b>Sector</b>	<b>Applications</b>
Petroleum and chemical equipment . . . . .	Containers; heat exchangers; condensers; petroleum and natural gas pipelines; drill pipes; oil tanks; petroleum and gas detection systems; chemical equipment
Machinery equipment . . . . .	Assemble lines; Machine tools
Electric and communication equipment . . .	Frames; Wave-guid pipes
Electric power equipment . . . . .	Radiators; Tube buses; Outer casings

In 2007, the PRC machinery and equipment industry consumed approximately 605,000 tons, representing a CAGR of approximately 37.4%, as compared to approximately 90,000 tons of aluminum extrusion products in 2001. It is estimated that consumption of aluminum extrusion products in the PRC machinery and equipment segment will increase to approximately 782,000 tons in 2010, representing a CAGR of approximately 8.9% as compared to approximately 605,000 tons in 2007.

### **Aluminum Extrusion Consumption in the PRC Construction Industry**

The construction industry is the largest user of aluminum extrusion products in China. Aluminum extrusion products are predominately used in manufacturing window frames, door frames and curtain walls of buildings. Aluminum extrusion consumption in the PRC construction industry has experienced strong growth in recent years. In 2007, the construction segment consumed approximately 4.1 million tons, representing a CAGR of approximately 21.1%, as compared to approximately 1.3 million tons in 2001.

Rapid aluminum extrusion consumption growth in the construction industry is primarily attributable to the fast-growing property market in China for the past years. Since the 1990s, the PRC property industry has continued to grow, sustained by a number of factors, including overall economic growth, a significant increase in investment in the industry, increases in the disposable income and urbanization rate of the population and the development of a mortgage lending market in China. From 2001 to 2007, per capita annual disposable income of urban households in China increased from approximately RMB6,860 to approximately RMB13,786, resulting in increased purchasing power for urban households in the PRC, and representing a CAGR of approximately 12.3%. For the first three quarters of 2008, the per capita disposable income reached approximately RMB11,865, representing a growth of 7.5% as compared to the first three quarters of 2007.

According to the China Statistics Bureau, the total real estate GFA sold in China in 2007 reached approximately 773.5 million sq.m., generating approximately RMB2,988.9 billion in sales. This was compared to approximately 224.1 million sq.m. sold in 2001 that generated approximately RMB486.3 billion in sales. These figures represent a CAGR of approximately

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## INDUSTRY OVERVIEW

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22.9% for GFA sold and a CAGR of approximately 35.3% for property sales revenue. However, since the fourth quarter of 2008, the real estate industry in China has been affected by the recent global economic downturn and deterioration of the global financial markets. The total real estate GFA sold in China for the 11 months ended November 30, 2008 was approximately 491.5 million sq.m., generating approximately RMB1,926.1 billion in sales. These figures represent a decrease of 18.3% for GFA sold and a decrease of 19.8% for property sales revenue as compared to the 11 months ended November 30, 2007.

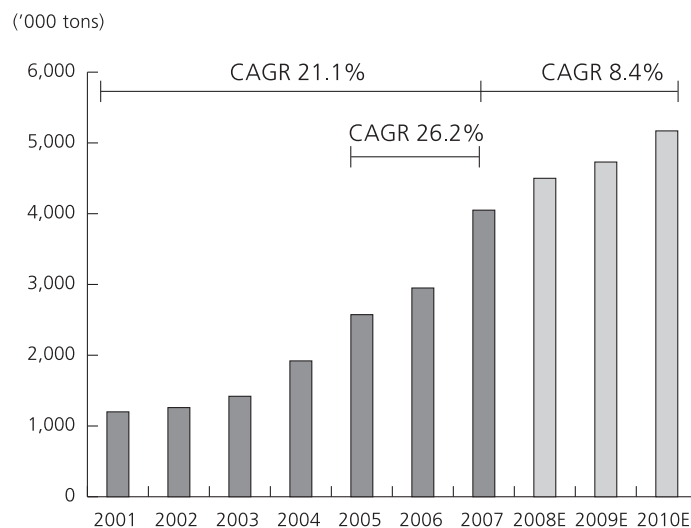
Aluminum extrusion products have a number of significant advantages which make them preferable to alternatives such as plastics, steel, glass, and other materials in the construction industry. According to the China Construction Metal Structure Association, approximately 51% of door frames and window frames manufactured in China were made from aluminum extrusion products in 2007. With the PRC government's policy of promoting the construction of energy-efficient buildings and other structures in China, it is expected that demand for high-energy saving and strong heat insulation aluminum extrusion products will grow strongly.

In 2007, the construction industry consumed approximately 4.1 million tons of aluminum extrusion products, representing a CAGR of approximately 21.1% as compared to approximately 1.3 million tons in 2001.

It is estimated that aluminum extrusion consumption in the PRC construction industry will grow steadily to approximately 5.2 million tons in 2010, representing a CAGR of approximately 8.4% compared to approximately 4.1 million tons in 2007.

The chart below sets out the historical and forecast aluminum extrusion consumption in the PRC construction industry for the period between 2001 and 2010.

### Aluminum extrusion consumption in the PRC construction industry, 2001-2010E



Source: Sunlight Metal



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## INDUSTRY OVERVIEW

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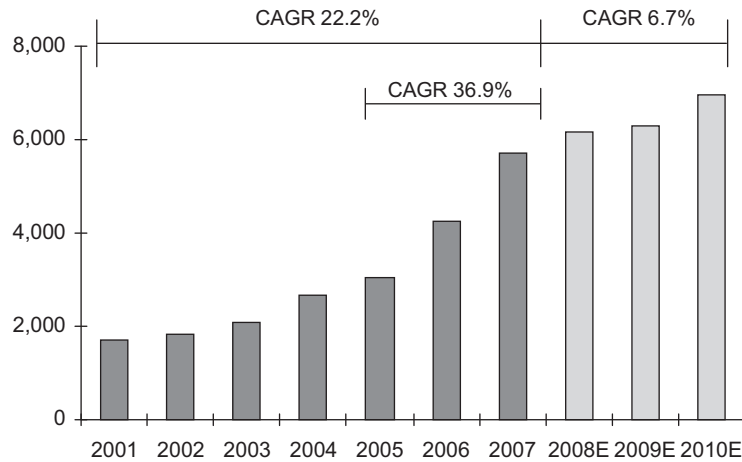
### China's Aluminum Extrusion Production

China is the largest producer of aluminum extrusion products in the world, accounting for approximately 42.5% of global aluminum extrusion production in 2007. China's aluminum extrusion production reached approximately 5.7 million tons in 2007, representing a CAGR of approximately 22.2%, compared with approximately 1.7 million tons in 2001. It is estimated that aluminum extrusion production will continue to grow to approximately 6.9 million tons in 2010, representing a CAGR of approximately 6.7% between 2007 and 2010.

The chart below sets out the historical and projected production volume of aluminum extrusion products in China for the period between 2001 and 2010.

#### China's aluminum extrusion production, 2001-2010E

('000 tons)



Source: CRU

As China's manufacturing industry has become more technologically sophisticated and increased its usage of aluminum extrusion products, the production of industrial aluminum extrusion products significantly increased during the period between 2001 and 2007.

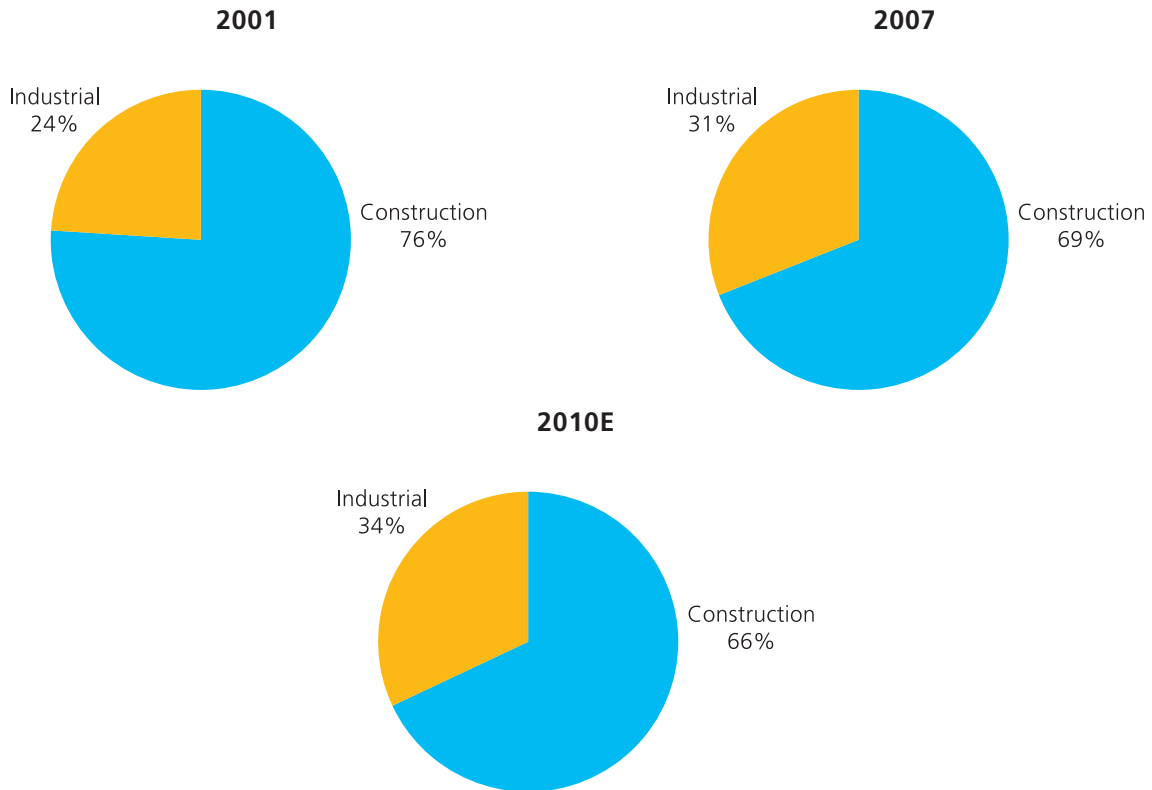
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## INDUSTRY OVERVIEW

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The charts below set out a breakdown of aluminum extrusion production in China by product category in 2001, 2007 and 2010.

### China aluminum extrusion production by product in 2001, 2007 and 2010E



Source: Sunlight Metal

The PRC aluminum extrusion industry is highly fragmented and fiercely price-competitive. There are a large number of aluminum extrusion products manufacturers scattered around China, in which the Pearl River Delta, the Yangtze Delta and the Loop-Bohai Region are the major aluminum production areas. By the end of 2007, there were approximately 670 aluminum extrusion products manufacturers in China, of which approximately 550 enterprises had obtained permits for the production of both construction and industrial aluminum extrusion products. Most of the domestic aluminum extrusion products manufacturers have small-scale operations that produce low-end extrusion products based on simple designs. Only approximately 15 aluminum extrusion products manufacturers in China have an annual production capacity of over 100,000 tons.

## INDUSTRY OVERVIEW

The table below sets out the top 10 leading aluminum extrusion products manufacturers in China based on their respective production volume in 2007.

### Top 10 leading aluminum extrusion products manufacturers in China in 2007 in terms of production volume

Ranking	Company	Production capacity in 2007 (‘000 tpy)	Production volume (‘000 tpy)			No. of extrusion presses
			Year 2005	Year 2006	Year 2007	
1	Zhongwang PRC . . . . .	505	214	244	303	64
2	Asia Aluminum Holdings Limited <sup>(1)</sup> . . . . .	360	90	142	244	40
3	Guangdong Haomei Aluminum Co. Ltd. . . . .	150	26	89	135	42
4	Shandong Nanshan Aluminum Co. Ltd. . . . .	150	64	77	112	40
5	Guangdong Fenglu Aluminum Industry Co. Ltd. . . . .	200	64	105	102	50
6	Shandong Conglin Group Co. Ltd. . . . .	100	55	80	93	18
7	Xingfa Aluminium Holdings Limited <sup>(2)</sup> . . . . .	113	63	79	92	39
8	Jiangyin Xinyu Decoration Material Co. Ltd. . . . .	130	45	80	90	25
9	Fujian Minfa Aluminum INC. . . . .	90	30	41	86	20
10	Guangdong Jianmei Aluminum Profile Factory Co. Ltd. . . . .	90	42	70	84	18

Source: China Nonferrous Metals Industry Association and Sunlight Metal

Notes:

- (1) Asia Aluminum Holdings Limited had an annual production capacity of 150,000 tons for the fiscal year ended June 30, 2005.
- (2) Xingfa Aluminium Holdings Limited had an annual production capacity of 80,500 tons and 99,000 tons in the fiscal years ended December 31, 2005 and 2006, respectively.

Compared to developed countries, such as the United States, Japan and Germany, the production facilities used by Chinese aluminum extrusion products manufacturers are generally less technologically sophisticated. By the end of 2007, there were approximately 3,099 aluminum extrusion presses operated in China. The table below sets out the number of aluminum extrusion presses installed in China by 2007.

### Aluminum extrusion presses installed in China by 2007

Capability	Number of extrusion presses (units)
≥100MN . . . . .	3
>80MN . . . . .	7
>50MN . . . . .	19
30MN-50MN . . . . .	30
10MN-30MN . . . . .	1,120
<10MN . . . . .	1,920

Source: Sunlight Metal

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## INDUSTRY OVERVIEW

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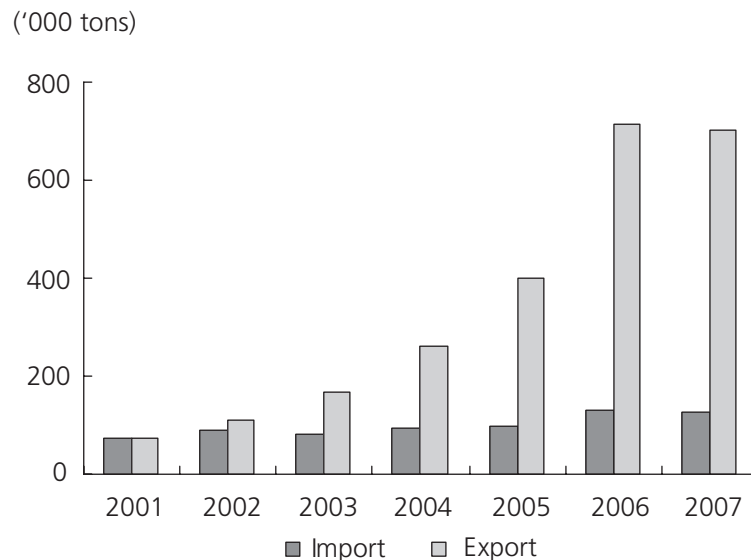
During the period from 2005 to 2007, Chinese aluminum extrusion products manufacturers made substantial investments in developing large aluminum extrusion presses, including 75MN, 80MN, 100MN, and 125MN oil-propelled horizontal extrusion presses. In September 2007, a 125MN oil-driven dual action extrusion press was installed in our facilities and commenced trial production. This 125MN oil-driven dual action extrusion press is currently the largest of its kind in China and one of the most advanced extrusion presses in the world, able to produce large section aluminum extrusion products up to one meter in length of diagonal line. Furthermore, according to Sunlight Metal, our production yields of 2008 were above industry average compared to those of other aluminum extrusion products manufacturers in China.

In addition, Chinese aluminum extrusion products manufacturers have imported machinery and equipment from overseas to develop production technologies including surface finishing, molding, smelting and age treatment.

### Export and Import

The export of aluminum extrusion products by PRC-based manufacturers has increased significantly from approximately 74,300 tons in 2001 to approximately 701,000 tons in 2007, representing a CAGR of approximately 45.4%, while the import of aluminum extrusion into the PRC increased from approximately 72,900 tons in 2001 to approximately 126,200 tons in 2007, representing a CAGR of approximately 9.6%. China is the largest net exporter of aluminum products in the world.

### Export and import of aluminum extrusion products in China, 2001-2007



Source: CRU

For the purpose of restricting energy-intensive industries and attaining a favorable trade balance, the Chinese government has cancelled the export rebate on some low value-added aluminum extrusion products. Exports of nonferrous metal raw products, including electrolytic aluminum, have been subject to customs duty at the rate of 15% since November 1, 2006.

## INDUSTRY OVERVIEW

### PRICES OF PRIMARY ALUMINUM

The price of primary aluminum has experienced an upward trend between 2001 and 2007. The spot price of primary aluminum on the LME has increased from approximately US\$1,447 per ton to approximately US\$2,641 per ton from 2001 to 2007, representing a CAGR of approximately 10.5%. The spot price of primary aluminum on the SHFE has increased from approximately RMB14,341 per ton to approximately RMB19,580 per ton from 2001 to 2007, representing a CAGR of approximately 5.3%.

#### Prices of primary aluminum on LME and SHFE

	2001	2002	2003	2004	2005	2006	2007	2008
<b>LME (US\$/ton)</b>								
Average <sup>(1)</sup> . . . . .	1,447	1,350	1,433	1,719	1,900	2,570	2,641	2,576
<b>SHFE (RMB/ton)</b>								
Average <sup>(2)</sup> . . . . .	14,341	13,555	14,591	16,244	16,710	20,240	19,580	17,345

Source: Bloomberg; SHFE

Notes:

- (1) This average represents the arithmetic average of daily prices for the years indicated.
- (2) This average represents the arithmetic average of monthly weighted average prices (including VAT) for the years indicated.

Domestic primary aluminum prices in 2007 displayed two major movements. During the first three quarters of 2007, primary aluminum prices (including VAT) fluctuated between RMB19,000 and RMB21,000 per ton. Compared to the LME, domestic primary aluminum prices remained at high levels for an additional two months, which made the international aluminum market relatively cheap, attracting a certain amount of imported aluminum. Coupled with this effect, production capacity expanded during the second half of the year, driving domestic primary aluminum prices significantly down in October 2007. Since then, prices fluctuated within the range of RMB17,500 per ton to RMB18,500 per ton during the fourth quarter of 2007, leading to a lower average price for 2007, as compared to 2006.

Despite the occurrence of an earthquake in Sichuan, snow storms and an increase in the price of electricity, the domestic primary aluminum prices in the first half of 2008 remained low when compared to 2007 as a result of the strong domestic supply of primary aluminum. This is beneficial to the export of aluminum extrusion products.

The recent global financial downturn has adversely affected the world economies, and both the global and domestic primary aluminum prices have decreased significantly since September 2008. The monthly average global primary aluminum prices decreased from approximately US\$2,500 per ton in September 2008 to approximately US\$1,500 per ton in December 2008. The monthly average domestic primary aluminum price also decreased from approximately RMB17,000 per ton in September 2008 to approximately RMB12,000 per ton in December 2008. Both the global and domestic primary aluminum prices for 2008 were lower than those for 2007.

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## OUR HISTORY AND CORPORATE STRUCTURE

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### INTRODUCTION

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on January 29, 2008.

Our Company's subsidiaries include ZCIL (BVI), ZCIL (HK) and Zhongwang PRC, all being wholly-owned subsidiaries. ZCIL (BVI) and ZCIL (HK) were incorporated on June 20, 2007 and November 30, 2007, respectively. They are both investment holding companies and were established for the purpose of holding our Company's interest in Zhongwang PRC.

Zhongwang PRC is the sole operating company within our Group, and is engaged in our principal business of the production of quality aluminum extrusion products and the sale of such products in the PRC and overseas markets.

### OUR HISTORY

Zhongwang PRC obtained the approval for its establishment as a Sino-foreign equity joint venture company from Liaoyang City Foreign Economic & Trade Commission (遼陽市對外經濟貿易委員會) on January 3, 1993, and its business license was issued on January 18, 1993. Zhongwang PRC was then permitted to carry on the business of the production and sale of aluminum profiles. Upon its establishment, and until immediately prior to the Reorganization, Mr. Liu, through Liaoyang Factory, held 60% of Zhongwang PRC's registered capital and, through Vily Won, and then subsequently through Kong Lung, held 40% of Zhongwang PRC's registered capital. Accordingly, from Zhongwang PRC's establishment until implementation of the Reorganization, Mr. Liu was indirectly interested in 100% of the registered capital of Zhongwang PRC.

After its establishment in 1993, Zhongwang PRC commenced trial production of aluminum profiles for the manufacture of door frames and window frames for use in the property construction industry in the same year, and launched its products in the PRC market in 1994.

Between 1996 and 1998, Zhongwang PRC embarked on its first major production capacity expansion by adding various 6MN to 12.5MN aluminum extrusion production lines to its facilities. Zhongwang PRC continued to expand its production capacity for the manufacture of construction aluminum extrusion products from approximately 100,000 tons of aluminum extrusion products in 1996 to approximately 300,000 tons of aluminum extrusion products in 2001.

Prior to 1999, Zhongwang PRC sold its products principally through direct sales in China, and between 1999 and 2000, in conjunction with its direct sales efforts, Zhongwang PRC started to establish its nationwide network of distributors to sell its products.

In 2001, with a view to entering the higher-end aluminum door frames and window frames market, Zhongwang PRC established a vertical electrophoresis powder coating line and a PVDF coating line with equipment imported from Italy, and commenced commercial production of such products in the same year.

From 2002 to 2005, Zhongwang PRC completed the installation of additional vertical and horizontal electrophoresis powder coating lines using production equipment manufactured in Italy, Switzerland and Japan.

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## OUR HISTORY AND CORPORATE STRUCTURE

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In 2002, Zhongwang PRC began to implement its strategy of diversifying into the industrial market for aluminum extrusion products and established its industrial extrusion products capability by installing a 36MN extrusion production line with equipment manufactured in Germany with an initial designed production capacity of approximately 21,600 tons per year.

In 2003, Zhongwang PRC entered the high-end construction materials market and commenced sales of aluminum extrusion products for the manufacture of curtain wall systems to be used in upscale buildings and structures. In the same year, it also became a member of the Metals Service Center Institute of the United States, whose members constitute the single largest group of metals purchasers in North America. In the same year, Zhongwang PRC products were also granted an exemption from quality inspection by the PRC government. In November 2003, Zhongwang PRC stepped up its efforts to enter the industrial market for aluminum extrusion products by commencing operation of a new 36MN aluminum extrusion production line.

In 2004, Zhongwang PRC was renamed Liaoning Zhongwang Group Co., Ltd. (遼寧忠旺集團有限公司), and the “忠旺” (“Zhongwang”) brand was recognized as a “China Well-known Trademark” (中國馳名商標) by the Trademark Office of the SAIC. The “Zhongwang” branded products were also recognized as “China Prestigious Product” (中國名牌產品) by the AQSIQ. In the same year, we commenced our export business and exported our aluminum extrusion products to the United States market.

In 2005, Zhongwang PRC began to supply aluminum extrusion products for the transportation market to various entities regulated by the MOR for the manufacture of train body frames and power transmission tracks. It also commenced exports of aluminum extrusion products to the German and Australian markets in the same year.

Zhongwang PRC continued to upgrade its production capability for the manufacture of industrial aluminum extrusion products. In 2006, its 31.5MN oil-pressure dual-motion aluminum extrusion production machine (油壓雙動鋁擠壓機) and 75MN oil-pressure single-motion aluminum extrusion production machine (油壓單動鋁擠壓機) commenced production.

In 2007, Zhongwang PRC obtained Det Norske Veritas’s (DNV) accreditation for the supply of aluminum extrusion products for the manufacture of, among other things, vessels, and it commenced export of such products to Australia in the same year. DNV is an independent, autonomous foundation with the purpose of safe-guarding life, property and the environment. DNV serves customers in maritime, oil and gas industries worldwide as well as other business segments such as the food and beverage industry, automotive and IT and telecoms sector. DNV is one of the world’s largest ship classification societies and is authorized to act on behalf of some 80 national maritime authorities. As part of the classification process, DNV also certifies all materials, components and systems relevant to safe operation and quality of ships. DNV design assessment, type approvals and production assessments to ensure that systems and components are fit for their purpose, and fulfil the requirements of the DNV rules or specific recognized standards. The obtaining of the DNV approval of manufacturer certificate by Zhongwang PRC means that our aluminum extrusion products have satisfied the standard specified by DNV. Such certificate assists us in marketing and selling our aluminum extrusion products to overseas ship manufacturers.

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## OUR HISTORY AND CORPORATE STRUCTURE

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Zhongwang PRC continued with its production capability upgrade, and its 55MN aluminum extrusion production line commenced production in 2007. Furthermore, its 125MN oil-driven dual-action aluminum extrusion production machine (油壓雙動鋁擠壓機) (which, as of the Latest Practicable Date, was the largest of its kind in the PRC and one of the most technologically advanced in the world) commenced trial production in 2007 and commenced production in 2009.

On February 28, 2008, pursuant to the Reorganization, the entire registered capital of Zhongwang PRC was transferred to ZCIL (HK) (our wholly-owned subsidiary), and Zhongwang PRC became a wholly foreign-owned enterprise on April 16, 2008. In June 2008, the installation of a 20MN extrusion production line and a 27.5MN extrusion production line was completed. As of the Latest Practicable Date, we had an aggregate production capacity of over 535,000 tons of aluminum extrusion products per annum.

### OUR CORPORATE REORGANIZATION

The companies comprising our Group underwent a reorganization to rationalize our corporate structure in preparation for the Listing, and as a result, our Company became the holding company of our Group. The Reorganization involved the following steps:

- (i) On January 31, 2008, ZIGL transferred the entire issued capital of ZCIL (BVI) (which held the entire issued share capital of ZCIL (HK)) to our Company;
- (ii) On February 28, 2008, Kong Lung entered into an agreement to transfer 40% of Zhongwang PRC's registered capital to ZCIL (HK);
- (iii) On February 28, 2008, Liaoyang Factory entered into an agreement to transfer 60% of Zhongwang PRC's registered capital to ZCIL (HK). Such transfer was approved by the Liaoning Provincial Bureau of the Foreign Trade and Economic Commission (遼寧省對外貿易經濟合作廳) (the local commission of Ministry of Commerce of the PRC, being the original approving authority for Zhongwang PRC) on March 17, 2008 under the approval entitled Approval for the Alteration of the Names of the Investors, the Transfer of Equity and the Re-registration as a Wholly Foreign Owned Enterprise of Liaoning Zhongwang Group Limited (《關於遼寧忠旺集團有限公司投資者更名及股權轉讓並變更為獨資公司的批覆》) pursuant to the Provisions for the Alteration of Investors' Equities in Foreign-invested Enterprises (《外商投資企業投資者股權變更的若干規定》);
- (iv) On March 26, 2008, Zhongwang PRC entered into an agreement to acquire the machinery and equipment for the manufacture of the dies used in the forming of aluminum extrusion products from Pengli Dies; and
- (v) On March 13, 2008, Zhongwang PRC entered into agreements to transfer certain office premises and buildings and the related land (being properties used solely for the purposes of the respective transferees) to Hong Cheng, Cheng Cheng, Futian Chemical and Zhongtian Garment (being associates of Mr. Liu) with a total floor area of approximately 139,094 sq.m. and an aggregate site area of approximately 960,504 sq.m., respectively.



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## OUR HISTORY AND CORPORATE STRUCTURE

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For the purpose of completing the acquisition of Zhongwang PRC as mentioned above in connection with the Reorganization, ZIGL issued the Olympus Exchangeable Notes to Olympus Alloy and obtained the Term Loan from Scuderia Capital. The proceeds of the issue of the Olympus Exchangeable Notes and the Term Loan amounted to US\$300.0 million. All the proceeds of the issue of the Olympus Exchangeable Notes and the Bridging Portion of the Term Loan were used by ZIGL to subscribe for Shares, and such proceeds of issue of Shares were then lent by our Company, through ZCIL (BVI), as a shareholder's loan to ZCIL (HK), which then applied the same toward payment of the purchase consideration of approximately US\$295.5 million for the acquisition of Zhongwang PRC. Both Olympus Alloy and Scuderia Capital are not connected persons of our Company. The balance of the proceeds of the Term Loan was retained by ZIGL.

### **(a) Olympus Exchangeable Notes**

Set out below is a summary of certain of the principal terms of the Olympus Exchangeable Notes:

Issuer:	ZIGL
Subscriber:	Olympus Alloy
Principal amount:	US\$100,000,000
Date of issue:	August 8, 2008
Interest:	Interest rate shall be 0% per annum during the first year after the issue date of the Olympus Exchangeable Notes, being August 8, 2008, (the "Olympus Note Issue Date"); 3% per annum during the second year after the Olympus Note Issue Date; 5% per annum during the third year after the Olympus Note Issue Date; and 8% per annum thereafter. Interest accrues daily until the earlier of (a) the date the Olympus Exchangeable Notes are redeemed in full and (b) the date of completion of the Listing.
Payment of interest:	Interest shall be paid in cash upon redemption. If the Olympus Exchangeable Notes are exchanged for Shares, the holder(s) thereof (the "Note Holder") may elect to exchange the accrued interest thereon for Shares or be paid in cash.
Maturity date:	The third anniversary of the Olympus Note Issue Date, which is extendable by one year at the option of the Note Holder holding, collectively, at least 51% of the Olympus Exchangeable Notes outstanding.

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## OUR HISTORY AND CORPORATE STRUCTURE

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- Redemption: The Olympus Exchangeable Notes shall be redeemed on the Maturity Date, but the Note Holder shall also be entitled to serve a redemption notice upon certain events as stated in the terms of the Olympus Exchangeable Notes, which include, *inter alia*:
- (i) any event after which Mr. Liu will cease to hold a majority of the shares of ZIGL, or ZIGL will cease to hold a majority of the shares of our Company, or our Company will indirectly cease to hold a majority of the registered capital interest in Zhongwang PRC, or there is a transfer of all or substantially all the assets of Zhongwang PRC to any entity outside the Group (each, a “Change of Control”);
  - (ii) if the initial public offering undertaken by our Company is not a Qualifying IPO. The term “Qualifying IPO” means an initial public offering (a) immediately following the completion of which not less than 25% of the Shares then in issue are publicly traded in a freely convertible currency and (b) in which the Shares to be delivered upon exchange of the Olympus Exchangeable Note are listed and can be publicly traded without restriction after the expiration of a Lock-Up Period. “Lock-Up Period” means the period during which the sale or transfer of Shares into which the Olympus Exchangeable Notes are exchangeable is prohibited or restricted pursuant to applicable laws, regulations or stock exchange rules or lock-up agreements required by the underwriters. Under the Hong Kong Listing Rules, ZIGL is not permitted to transfer any Shares to Olympus Alloy within a period of six months after the Listing, and therefore such six month period after the Listing shall be the “Lock-Up Period.” The relevant transfer restrictions are a voluntary arrangement agreed between ZIGL and Olympus Alloy; and
  - (iii) the occurrence of an event of default.
- Redemption price: The principal amount (or any portion thereof) of the relevant Olympus Exchangeable Note plus then accrued interest and a premium equal to an amount which, together with the said principal and interest, would achieve an internal rate of return of 15% for the relevant Note Holder.

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## OUR HISTORY AND CORPORATE STRUCTURE

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Exchange rights: The Note Holder shall, after the Lock-up Period, have the right to exchange all or part of the principal and/or interest accrued thereon into Shares at the Exchange Price (as defined below) until the Olympus Exchangeable Notes have been fully redeemed.

Exchange price: Subject to the anti-dilution adjustments described below, the price at which the Olympus Exchangeable Notes can be exchanged for Shares (the "Exchange Price") is determined based on the timing of the Listing with respect of the Olympus Note Issue Date as follows:

### **Timing of Listing from the**

### **Olympus Note Issue Date**

### **Exchange Price**

Within 365 days	80% of the Offer Price
366 days to 549 days	71.6% of the Offer Price
550 days to 730 days	64% of the Offer Price
731 days to 914 days	57.2% of the Offer Price
915 days to 1,095 days	51.2% of the Offer Price
More than 1,095 days	45.8% of the Offer Price

The above Exchange Prices were determined after arms' length negotiations between ZIGL and Olympus Alloy. We understand from ZIGL that the Exchange Price reflects Olympus Alloy's own estimation of its return on investment, in which Olympus Alloy has taken into account the investment risk involved, including its perception of the prospects of the initial public offering of our Company, the cost of funds of Olympus Alloy and the return on fair value of our Company at the time of the investment, when calculating the Exchange Price, and ZIGL found the proposed Exchange Price from Olympus Alloy agreeable.

We understand from ZIGL that the range of discounts reflects the investment risks assumed by Olympus Alloy, because the longer the period of time between the date of investment and the eventual Listing, the more uncertain the likelihood and results of the Global Offering are, hence, the rate of discount increases with time.

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## OUR HISTORY AND CORPORATE STRUCTURE

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On the basis that the Listing will become effective on May 8, 2009 and assuming the Offer Price will be fixed at HK\$6.80 (being the lowest indicative Offer Price stated in this prospectus) and assuming that the Over-allotment Option will not be exercised, none of the Pre-IPO Share Options will be exercised and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, upon the full exchange of the principal amount of the Olympus Exchangeable Notes (without interest) at the rate of exchange of US\$1.0 to HK\$7.8, the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 143,382,352 Shares, representing approximately 2.7% of our Company's total Shares issued and outstanding upon completion of the Global Offering.

As the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 143,382,352 Shares, representing approximately 2.7% of our Company's total issued Shares (based on the assumptions stated above), such Shares held by Olympus Alloy upon exchange will be regarded as Shares held by the public under the Hong Kong Listing Rules because:

- (a) both Olympus Alloy and Olympus Capital are not connected persons of our Company;
- (b) Olympus Alloy will also not be a substantial shareholder of our Company after the exchange of the Olympus Exchangeable Notes in full on the basis as stated above and will not therefore become a connected person of our Company; and
- (c) the investment by Olympus Alloy was not financed by any connected person of our Group and such investment is for its own interest and benefit.

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## OUR HISTORY AND CORPORATE STRUCTURE

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We understand that ZIGL commenced discussions with a number of potential investors with regard to an investment in our Company solely for the purpose of facilitating the completion of the Reorganization in October 2007. In February 2008, Olympus Capital entered into a memorandum of understanding with ZIGL. Due to the recent financial turmoil in the global markets, in particular the credit crunch prevailing during the course of 2008, the negotiations between ZIGL and Olympus Alloy took much longer than was originally expected. At the same time, ZIGL also held discussions with other potential investors in parallel with Olympus Alloy. An investment agreement between ZIGL and Olympus Alloy was eventually entered into on July 23, 2008. Olympus Alloy paid the investment amount in full on August 8, 2008.

We understand from ZIGL that Olympus Alloy's investment was not conditional on any milestones benchmarked to our Company's listing approval process, and consider that at the time when Olympus Alloy completed its investment:

- (i) there was no assurance that the Listing Committee would approve the Listing; and
- (ii) there was a time period of uncertain duration between Olympus Alloy investing in the Olympus Exchangeable Notes and the Listing Committee's approval of the Listing, and during such period the global financial markets continued to face immense uncertainty.

We further consider that without the funds provided by Olympus Alloy, our Company would not be able to complete the Reorganization and there would not be a group structure and a business for the other public investors to invest in or for our Company to apply to the Hong Kong Stock Exchange for the Listing.

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## OUR HISTORY AND CORPORATE STRUCTURE

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Thus, we consider that the investment risks assumed by Olympus Alloy are real and different from those of the investors under the Global Offering. For the investors participating in the Global Offering, they are not exposed to the above risks/uncertainties assumed by Olympus Alloy between the date of its investment in the Olympus Exchangeable Notes and the Global Offering, because their applications for the Shares will only be accepted and they become holders of Shares in the event the Listing is consummated, whereas they will be refunded with their application moneys in full if the Global Offering fails to become unconditional. Therefore, the investors under the Global Offering are not exposed to the investment risks applicable to Olympus Alloy.

Anti-dilution adjustment:

The Exchange Price, the number and type of securities to be received upon exchanged shall be subject to the following adjustments:

- (i) at any time after the Listing but prior to the exchange of the Olympus Exchangeable Notes, in the event that our Company undertakes a capitalization issue (other than a scrip dividend), or the Shares are subdivided, combined or reclassified, the Exchange Price shall be adjusted such that the Note Holder shall be entitled to receive the Shares or other securities that the Note Holder would have been entitled to receive had the Exchangeable Notes been exchanged immediately prior to such occurrence of the event; and
- (ii) at any time or from time to time prior to the exchange of the Olympus Exchangeable Notes, in the event that our Company issues or sells Shares at a price below the Exchange Price, the Exchange Price shall immediately be lowered to match the relevant issue price or sale price.

We understand from ZIGL that the anti-dilution adjustment mechanism is for the purpose of protecting the interests of the holder of the Olympus Exchangeable Notes and the value of the underlying conversion right.

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## OUR HISTORY AND CORPORATE STRUCTURE

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- Restriction on transfer: The Olympus Exchangeable Notes are subject to the following transfer restrictions:
- (i) the Olympus Exchangeable Notes are not transferable prior to the expiry of the Lock-Up Period, except for (a) a transfer to any affiliate of the Note Holder, or (b) a pledge in connection with any debt financing obtained by the Note Holder and a transfer upon the enforcement of such pledge resulting from an event of default, or (c) a transfer following a Change of Control, or (d) a transfer following the occurrence and during the continuance of an event of default;
  - (ii) after the first anniversary of the Olympus Note Issue Date, the Note Holder shall have the right to transfer up to 49% of the principal amount to its shareholders, provided that at all times prior to the second anniversary of the Olympus Note Issue Date, all rights of any Note Holder of the Olympus Exchangeable Notes shall be exercisable solely through Olympus Alloy;
  - (iii) after the second anniversary of the Olympus Note Issue Date, the Olympus Exchangeable Notes shall be freely transferable; and
  - (iv) the Olympus Exchangeable Notes are subject to the ZIGL's right of first refusal under the Olympus Exchangeable Note Purchase Agreement as described below.

The term "affiliate" includes (i) any shareholder of the Note Holder, (ii) any of such shareholder's general partners or limited partners, (iii) the fund manager managing such shareholder (and general partners, limited partners and officers thereof), (iv) the spouses, lineal descendants and heirs of individuals referred to in (ii) and (v) trusts controlled by or for the benefit of any such individuals referred to in (ii), (iii) or (iv).

- Restriction on the use of proceeds: The proceeds of the Olympus Exchangeable Notes were required to be applied towards the payment of the consideration in the acquisition of the 60% registered capital in Zhongwang PRC.

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## OUR HISTORY AND CORPORATE STRUCTURE

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Security document:

The Share Charge was given by ZIGL for the benefit of the Note Holder in respect of Shares, which initially represented 10% of the issued share capital of our Company as at the completion of the Olympus Exchangeable Note Purchase Agreement, and, after the Listing, the number of Shares subject to the Share Charge will be adjusted such that only the amount of Shares equal to the number of Shares into which the Olympus Exchangeable Notes may be exchanged pursuant to their terms will continue to be subject to such charge.

ZIGL held 90% of the issued share capital of our Company (without taking into account the Shares charged to Olympus Alloy under the Share Charge) as at the completion of the Olympus Exchangeable Note Purchase Agreement and remained as our majority shareholder prior to the Listing.

Certain other rights of the Note Holder under the Olympus Exchangeable Notes Purchase Agreement are as follows:

Appointment of Director:

Prior to the Listing, the Note Holder has the right to require ZIGL to procure the appointment of its nominee and, pursuant to an exercise of such right, Mr. Ma Xiaowei has been appointed a Director. Such right will cease upon the Listing.

Our Director appointed by the Note Holder shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, and such Director shall also excuse himself from any meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolution where any contract or arrangement or other proposal in which he or any of his associates has a material interest is discussed or resolved, unless his attendance or participation at such meeting of the Board is specifically requested by the remaining Directors, unless otherwise provided in the Articles.



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## OUR HISTORY AND CORPORATE STRUCTURE

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Restriction on transfer of Shares by ZIGL and by Mr. Liu and rights offer:

Until at least 95% of the principal amount of the Olympus Exchangeable Notes have been redeemed or exchanged:

- (i) in the first 18 months after the completion of the Listing, ZIGL shall not sell or transfer Shares unless after such sale or transfer its shareholding in our Company will continue to constitute at least 51% of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge); and thereafter, ZIGL shall not sell or transfer Shares unless ZIGL remains the largest single shareholder of our Company, owning more than  $33\frac{1}{3}\%$  of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge), and that the market capitalization of our Company will be at least US\$1 billion;
- (ii) in the first 18 months after the completion of the Listing, Mr. Liu shall indirectly through ZIGL own at least 51% of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge); and thereafter, Mr. Liu shall indirectly through ZIGL own at least  $33\frac{1}{3}\%$  of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge);
- (iii) ZIGL shall maintain net asset value at least equal to, and a combination of unencumbered Shares, Shares pledged to the Note Holder(s) under the Share Charge and/or cash with an aggregate value at least equal to, the full amount payable to the Note Holder(s) at maturity; and
- (iv) in the event that our Company conducts any rights offering, the Note Holder shall be given an opportunity to subscribe or purchase from ZIGL on a pro rata basis on the same terms as offered to other shareholders of our Company.

The foregoing provisions will survive the Listing.

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## OUR HISTORY AND CORPORATE STRUCTURE

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- Tag-along right: Subject to the transfer restrictions mentioned above, in a proposed sale or transfer of Shares by ZIGL, where the proceeds of sale thereof would, when aggregated with those of all other sales made within their 12 month period, exceed an aggregate consideration of US\$200 million, the Note Holder shall have the right to require ZIGL to procure the proposed transferee to purchase Shares at the same price and on the same terms on a pro rata basis. Such right will survive the Listing.
- Right of first refusal: If any Note Holder proposes to transfer any Olympus Exchangeable Notes or Shares issued upon the exchange of the Olympus Exchangeable Notes to any competitor (as defined in the Olympus Exchangeable Note Purchase Agreement) of our Company, ZIGL shall have a right of first refusal to purchase such notes or shares. Such right will survive the Listing.
- Information Rights: Prior to the Listing, the Note Holder is entitled to receive from the Company periodic financial information. The Note Holder also has the right to request for information regarding operations, business affairs and financial condition of the Group as well as information and documents relating to the preparation of the Listing. Such right will cease upon the Listing.

Olympus Capital is a private equity firm with offices in Hong Kong, Shanghai, Tokyo, New Delhi, Seoul and New York. It specializes in partnering with Asian shareholders and management teams to expand their businesses regionally and globally. Since its establishment in 1997, Olympus Capital has invested approximately US\$1.3 billion on behalf of funds and co-investors in 29 portfolio companies (including through ZIGL in our Company) throughout Asia. Olympus Capital's target industry sectors include manufacturing, agribusiness, business services, environmental services and financial services. Olympus Capital's investor base includes a wide range of institutions and high net worth families from North America, Asia, Europe and the Middle East. Olympus Alloy is a special purpose vehicle set up by Olympus Capital for the purpose of investing in the Olympus Exchangeable Notes. Olympus Alloy is beneficially owned by Olympus Capital Asia III, L.P. and its parallel funds, as well as certain co-investors with whom Olympus Capital has relationships with.

Save for the fact that Olympus Alloy has nominated the appointment of Mr. Ma Xiaowei as a non-executive Director, neither Olympus Alloy, nor its direct shareholder, namely Olympus Capital or its indirect shareholders, or their respective directors are connected persons of our Company.

We believe that Olympus Alloy is a reputable institutional investor and the introduction of Olympus Alloy will enhance our corporate governance and provide new contacts for business opportunities.

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## OUR HISTORY AND CORPORATE STRUCTURE

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The Olympus Exchangeable Notes entitle the Note Holder to exchange the Olympus Exchangeable Notes for existing Shares held by ZIGL. Pursuant to the Olympus Exchangeable Note Purchase Agreement, Olympus Alloy and Olympus Capital have undertaken that as long as Olympus Alloy holds any Olympus Exchangeable Notes, at least 51% of the issued capital of Olympus Alloy shall be owned by investment funds managed by Olympus Capital.

The Olympus Exchangeable Notes is a private arrangement between ZIGL and Olympus Alloy in respect of the acquisition of certain of the existing Shares held by ZIGL. Whether the Note Holder chooses to exchange the Olympus Exchangeable Notes for Shares or to redeem the Olympus Exchangeable Notes is a matter between the Note Holder and ZIGL, and does not involve our Company. No new Shares will be issued by our Company in the case that the Note Holder exercises its right of exchange and no payment will be paid by our Company in the case that the Note Holder redeems the Olympus Exchangeable Notes. Therefore, there will be no dilution on the shareholdings of our shareholders.

### **(b) Bridging Portion of the Term Loan**

On July 27, 2008, ZIGL entered into agreement with Scuderia Capital for the borrowing of the Term Loan in the principal amount of US\$200 million (“Principal Amount”), which was secured by security provided by Mr. Liu. Set out below is a summary of certain of the principal terms of the Term Loan:

Lender:	Scuderia Capital
Borrower:	ZIGL
Principal Amount:	US\$200,000,000
Interest rate:	12% per annum
Maturity date:	July 26, 2009
Purpose of the Term Loan:	The Bridging Portion of the Term Loan shall be applied as follows: <ul style="list-style-type: none"><li>(i) ZILG will subscribe two ordinary shares in the capital of our Company as fully paid up;</li><li>(ii) our Company will use the proceeds from the subscription of shares by ZILG to make a shareholder’s loan to ZCIL (BVI);</li><li>(iii) ZCIL (BVI) will apply the proceeds of the shareholder’s loan from our Company to make a shareholder’s loan to ZCIL (HK); and</li><li>(iv) ZCIL (HK) will apply the proceeds of the shareholder’s loan from ZCIL (BVI) to pay for a portion of the consideration for the acquisition of a 60% equity interest in Zhongwang PRC.</li></ul>

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## OUR HISTORY AND CORPORATE STRUCTURE

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- Repayment: Subject to prepayment, the Borrower shall repay the Principal Amount and all the interest accrued therein and all other sums owing under the Term Loan and the Share Charges on the maturity date.
- Prepayment: The Borrower may repay without penalty, all or any part of the Principal Amount during the term of the Term Loan.
- Security: The Borrower charged the entire issued share capital of the following companies ("Share Charges") to the Lender:
- (i) United Unicorn Investment Limited, a company established in the British Virgin Islands which holds 40% of the equity interest of Hong Cheng and Futian Chemical; and
  - (ii) Dragon Pride Management Limited, a company established in the British Virgin Islands which holds 40% of the equity interest of Cheng Cheng.
- United Unicorn Investment Limited and Dragon Pride Management Limited are wholly-owned by Mr. Liu and are not members of our Group.
- Undertakings: The Borrower has undertaken to the Lender that so long as any sum remains payable under any of the agreement for the Term Loan and Share Charges ("Finance Documents") or any part of the Loan remains available, it shall, among other matters:
- (i) provide the Lender information pertaining to its financial, business and/or shareholding status as may be reasonably required by the Lender;
  - (ii) notify the Lender of any event of default (as described below) or the occurrence of any event that may adversely affect its ability to perform its obligations under the Finance Documents;
  - (iii) not make or permit any material change to be made to the nature of its business and operations as conducted by it currently; and
  - (iv) apply the proceeds of the Term Loan in accordance with its purpose.



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## OUR HISTORY AND CORPORATE STRUCTURE

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### PRC legal compliance

According to the “Provisions on the Takeover of Domestic Enterprises by Foreign Investors” 《關於外國投資者併購境內企業的規定》 (the “M&A Rules”) jointly issued by the Ministry of Commerce, the State-Owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the China Securities Regulatory Commission (“CSRC”), SAIC and SAFE on August 8, 2006 and effective as of September 8, 2006, where a domestic natural person intends to take over his/her related domestic company in the name of an offshore company which he/she lawfully established or controls, the takeover shall be subject to the examination and approval of the Ministry of Commerce; and where a domestic natural person holds equity interest in a domestic company through an offshore special purpose company, any transaction involving the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC legal advisor, Commerce & Finance Law Offices, the M&A Rules do not apply to our Company for the following reasons:

- (i) According to Article 2 of the M&A Rules, “takeover of a domestic enterprise by a foreign investor” is defined as a situation where a foreign investor purchases by agreement the equity interests of a domestic non-foreign-invested enterprise (a “domestic company”) or subscribes to the increased capital of a domestic company, and thus changes the domestic company into a foreign-invested enterprise; or a foreign investor establishes a foreign-funded enterprise, and through which it purchases by agreement the assets of a domestic enterprise and operates its assets; or a foreign investor purchases by agreement the assets of a domestic enterprise, and then uses such assets to invest in and establish a foreign-invested enterprise through which it operates the assets. On the basis that Zhongwang PRC was established as a joint venture in 1993, the legal nature of the transfer to ZCIL (HK) of the entire equity interests formally held by the domestic and foreign shareholders was a transfer of equity in a foreign invested enterprise. Accordingly, the acquisition of the entire equity interest of Zhongwang PRC by ZCIL (HK) did not constitute a “takeover of a domestic enterprise by a foreign investor” as defined in the M&A Rules, and it did not require the approval of the Ministry of Commerce.
- (ii) In accordance with Paragraph 2 of Article 55 of the M&A Rules, the acquisition by ZCIL (HK) of the entire equity interest of Zhongwang PRC was subject to the “Provisions for the Alteration of Investors’ Equities in Foreign-Invested Enterprises” 《外商投資企業投資者股權變更的若干規定》, which provides that the acquisition would be effective after obtaining approval from Zhongwang PRC’s original approval authority, namely, the Liaoning Provincial Bureau of Foreign Trade and Economic Cooperation 《遼寧省對外貿易經濟合作廳》.
- (iii) Because the acquisition by ZCIL (HK) of the entire equity interest of Zhongwang PRC did not fall within the definition of a “takeover of a domestic enterprise by a foreign investor” as defined in M&A Rules, the governmental approval procedure, including the approval of the CSRC, as stated in the M&A Rules, is not applicable to the Global Offering and the Listing. Thus, we are not required to obtain the CSRC’s approval in respect of the Global offering and the Listing.

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## OUR HISTORY AND CORPORATE STRUCTURE

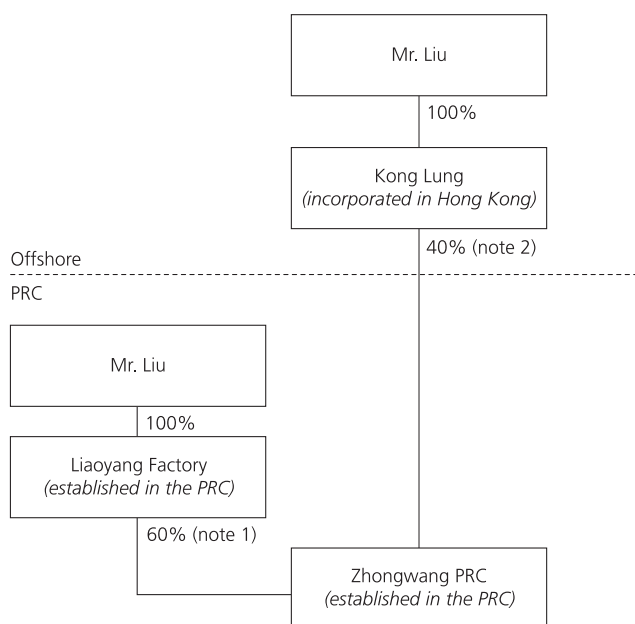
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According to the “Notice of SAFE on Issues Relating to Foreign Exchange Control on Fund Raisings by Domestic Residents Through Offshore Special Purpose Vehicles and Round-trip Investments” promulgated on October 21, 2005 《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》 (“Circular 75”), domestic residents establishing or taking control of a special purpose company abroad and domestic enterprises receiving round-trip investments from funds raised by an offshore special purpose company controlled by domestic residents are required to effect foreign exchange registration with the local foreign exchange bureau.

As advised by our PRC legal advisor, Commerce & Finance Law Offices, Circular 75 applies to our Company’s reorganization and the Global Offering as our Controlling Shareholder, Mr. Liu, is a domestic resident. In accordance with Circular 75, Mr. Liu completed all formalities for the registration and filing of an overseas investment by a PRC resident with the Liaoning Provincial Office of SAFE in respect of his offshore investment, financing and round-trip investment on May 20, 2008 and August 11, 2008, respectively.

### OUR CORPORATE STRUCTURE

Prior to the Reorganization, the shareholding and corporate structure of our Group was as follows:

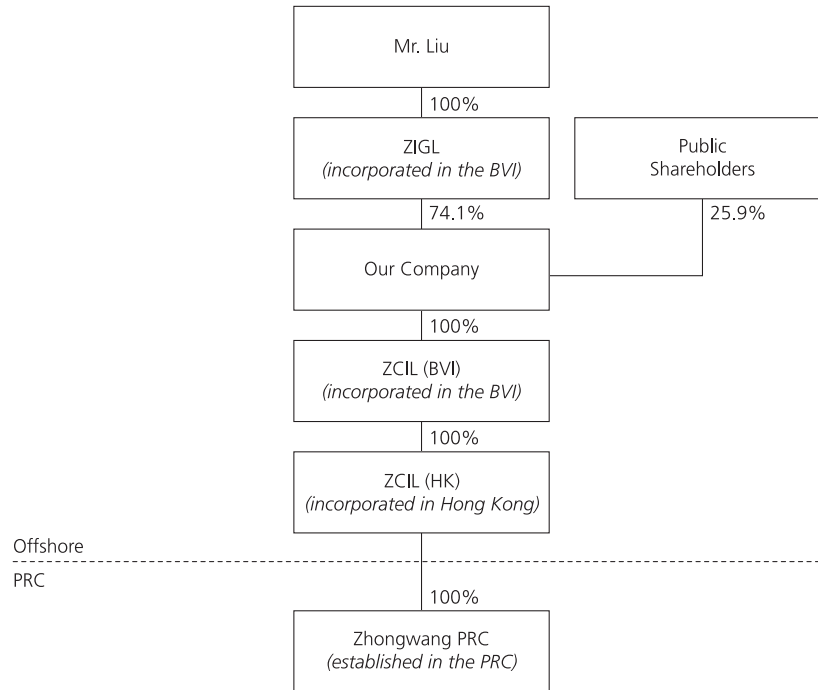


Notes:

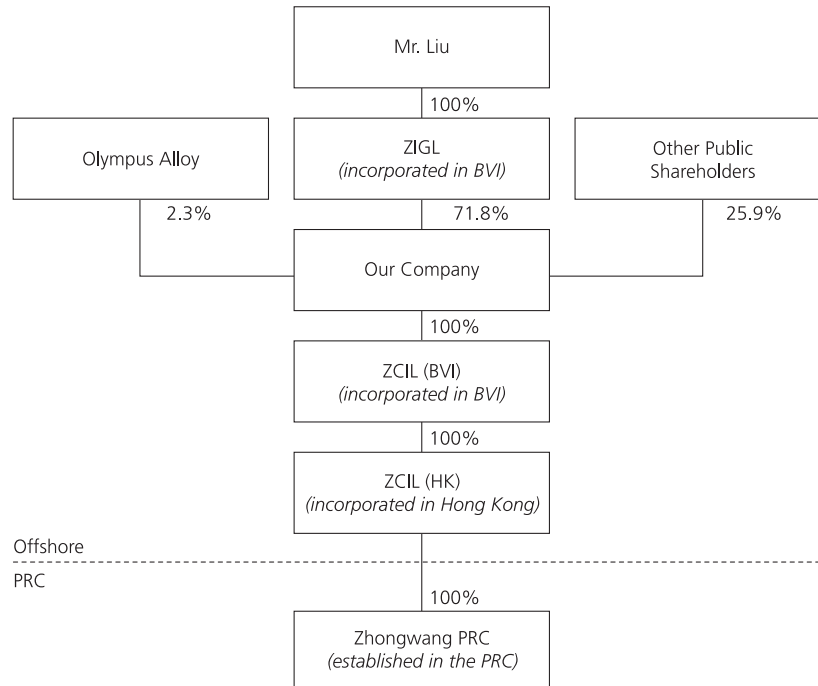
- (1) As Zhongwang PRC was then a Sino-foreign joint venture, this 60% interest was a PRC domestic equity interest owned by Liaoyang Factory. Liaoyang Factory was, and still is, 100% owned by Mr. Liu.
- (2) Kong Lung held 40% of Zhongwang PRC’s equity as a foreign equity interest for Mr. Liu, and Kong Lung was, and still is, 100% owned by Mr. Liu.

## OUR HISTORY AND CORPORATE STRUCTURE

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option will not be exercised, none of the Pre-IPO Share Options will be exercised and no options will be granted under the Share Option Scheme), the shareholding and corporate structure of our Group will be as follows:



Immediately following the completion of the Global Offering (assuming that (i) the Over-allotment Option will not be exercised, none of the Pre-IPO Share Options will be exercised and no options will be granted under the Share Option Scheme, (ii) the Offer Price will be fixed at HK\$7.80 (being the middle of the indicative Offer Price range), and (iii) the Olympus Exchangeable Notes could and would be exchanged in full immediately after the Global Offering), the shareholding and corporate structure of our Group will be as follows:





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## OUR HISTORY AND CORPORATE STRUCTURE

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On the basis that the Listing will become effective on May 8, 2009 and assuming an Offer Price of HK\$6.80, being the lowest indicative Offer Price stated in this prospectus, and assuming that the Over-allotment Options will not be exercised, none of the Pre-IPO Share Options will be exercised, and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, upon full exchange of the principal amount of the Olympus Exchangeable Notes (without interest) at the rate of exchange of US\$1.0 to HK\$7.8, the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 143,382,352 Shares, representing approximately 2.7% of our Company's total Shares issued and outstanding upon completion of the Global Offering.

On the basis that the Listing will become effective on May 8, 2009 and assuming an Offer Price of HK\$8.80, being the highest indicative Offer Price stated in this prospectus, and assuming that the Over-allotment Options will not be exercised, none of the Pre-IPO Share Options will be exercised, and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, upon full exchange of the principal amount of the Olympus Exchangeable Notes (without interest) at the rate of exchange of US\$1.0 to HK\$7.8, the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 110,795,454 Shares, representing approximately 2.1% of our Company's total Shares issued and outstanding upon completion of the Global Offering.

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### OVERVIEW

We are a leading aluminum extrusion products manufacturer in Asia and China, with a particular focus on the transportation sectors for our industrial aluminum extrusion products, and have strong research and development capabilities. According to the China Nonferrous Metals Industry Association (中國有色金屬工業協會), we were the largest aluminum extrusion products manufacturer in China in terms of production volume in 2007. According to CRU, we were the third largest aluminum extrusion products manufacturer in the world and the largest aluminum extrusion products manufacturer in Asia and China in terms of production capacity in 2007.<sup>(1)</sup> In 2007 and 2008, we produced over 303,000 tons and 419,000 tons of aluminum extrusion products, respectively. As of the Latest Practicable Date, our designated production capacity reached over 535,000 tons. The following table sets forth the breakdown of our production capacity and production volume for the Track Record Period:

	For and as of the year ended		
	December 31,		
	2006	2007	2008
Production capacity (ton) . . . . .	391,986.0	505,386.0	535,311.0
Production volume (ton). . . . .	243,712.3	303,313.6	419,466.0

We are principally engaged in the production and sale of quality aluminum extrusion products which meet customers' stringent specifications and quality standards. We produce a wide range of aluminum extrusion products for various applications, which we broadly classify into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

*Our industrial aluminum extrusion products:* We produce plain, sizable, large-section and high-precision aluminum extrusion products primarily used as parts and components for end products such as railway cargo and passenger carriages, metropolitan rails (subways and light rails), light trucks, automobiles, aircraft, vessels and power transmitters. Our industrial aluminum extrusion products are manufactured on a customized basis in accordance with our customers' specifications and quality standards.

*Our construction aluminum extrusion products:* Our construction aluminum extrusion products are primarily used in the fabrication of door frames and window frames, curtain wall systems, and interior decoration materials for building construction purposes. We concentrate on high-end construction aluminum extrusion products with complex surface finishing, which are used in upscale buildings and structures and are sub-categorized according to the method of surface finishing, including polishing, anodizing, electrophoresis coating, powder and wood-effect coating and PVDF coating, all of which require multiple steps of surface processing.

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(1) For the identities of the major global aluminum extrusion products manufacturers, please refer to the table "Top 10 leading aluminum extrusion producers in the world in 2007 in terms of production capacity" in the section headed "Industry Overview – Major Global Aluminum Extrusion Producers."

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## BUSINESS

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We are headquartered in Liaoyang City, Liaoning, China. Our manufacturing facilities are strategically located in Liaoning which is in close proximity to major production areas for aluminum ingots, coal and electricity, the principal raw material and energy sources used in the manufacturing of our products. We have continuously increased our production capabilities by establishing new extrusion production lines. As of the Latest Practicable Date, we had 64 aluminum extrusion presses, including a 125MN oil-driven dual action extrusion press (油壓雙動鋁擠壓機) which is currently the largest of its kind in China and one of the most advanced extrusion presses in the world, allowing us to produce large-section, high-precision aluminum extrusion products. Our machinery and equipment are primarily purchased and imported from manufacturers in Japan, Germany, Italy, Switzerland and Spain, which enable us to produce products that meet customers' specifications as well as international and PRC national standards. Our manufacturing facilities in Liaoyang have obtained ISO 9002 and ISO 9001 certifications for our quality management system since 1997 and 2003, respectively, and ISO 14001 certification for our environment management system since 2003.

We have a diverse base of domestic and overseas customers which include large-scale transportation customers in the railway, metropolitan conductor rail, automobile, shipbuilding and aircraft industries, manufacturers of industrial equipment and machinery, real estate developers, and wholesalers of construction materials and construction companies. We have established long-term relationships with customers with whom we have business dealings for four years or more in various end-user markets.

For example, since 2004, the MOR has designated our Company as one of the few qualified suppliers for the manufacture of its cargo and passenger carriages. We have since entered into framework agreements with four state-owned enterprises which are major suppliers of the MOR, namely, Qiqihaer Rail and Transportation Equipment Co., Ltd. (齊齊哈爾軌道交通裝備有限公司), Zhuzhou Carriage Factory of China South Locomotive & Rolling Group Limited (中國南車集團株洲車輛廠), Beijing 27 Carriage Factory of China South Locomotive & Rolling Group Limited (中國南車集團北京二七車輛廠) and Baotou Beifang Chuangye Company Limited (包頭北方創業股份有限公司). We also provide industrial aluminum extrusion products to conductor rail manufacturers for use in metropolitan railways (subways and light rails). For example, we have entered into framework contracts with major conductor rail manufacturers in the PRC, including Changzhou Track Drive Vehicle Traction Engineering Research Center (常州軌道車輛牽引傳動工程技術研究中心), Baoji Dekang City Railway Equipment Co., Ltd. (寶雞德康城市鐵道專用器材有限公司), Shaanxi Jungle Aluminum Co., Ltd. (陝西叢林鋁材有限公司) and Xi'an Yingqiang Power Engineering Material Co., Ltd. (西安英強電力工程材料有限公司). These framework contracts, which are entered into on an annual basis, are legally binding and typically set out: (i) estimated volume of purchase; (ii) pricing method for each product type; (iii) the quality specifications and technical standards for each product type; (iv) the place of delivery for each shipment; (v) the method of transport and freight payment terms; (vi) method of inspection and standards (including time limits) for acceptance or rejection of shipment; (vii) settlement and payment terms; and (viii) the effective and execution dates of each such contract. However, none of the framework contracts state the exact amount of purchase; rather these framework contracts provide the estimated volume of purchase and pricing method, under which our selling price will be determined with reference to market price of aluminum ingots plus a predetermined processing fee. Our major customers in the automobile sector include automobile components manufacturers such as Cascade Xiamen Forklift Truck Attachment Co., Ltd. (卡斯卡特(廈門)叉車屬具有限公司) and Lingyun Industrial Corporation Ltd. (凌雲工業股份有限公司). Our other major customers

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## BUSINESS

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include Xi'an Feibao Airport Equipment Co., Ltd. (西安飛豹空港設備有限責任公司), a subsidiary of a major aircraft producer in China; China CREC Railway Electrification Bureau Group Baoji Equipment Co., Ltd. (中鐵電氣化局集團寶鷄器材有限公司), a supplier for railway contact networks; and a major shipbuilder in Australia.

We use a combination of our own direct sales and marketing teams and a network of distributors to market and sell our products. Our sales and marketing teams sell and promote our products directly to customers in a variety of end-user markets, such as railway and construction companies, and participate in tender exercises for construction projects. In 2006, 2007 and 2008, direct sales accounted for 60.1%, 68.1% and 87.1% of our revenue, respectively, while sales through distributors accounted for 39.9%, 31.9% and 12.9% of our revenue, respectively. As of December 31, 2008, our sales and marketing teams consisted of 196 personnel, with 176 employees focused on the PRC domestic market and 20 employees on export sales, and a nationwide sales network of 17 distributors in China. In addition, we have four international distributors which mainly cover our overseas markets in North America, Europe and Australia.

Our "Zhongwang" brand (忠旺牌) construction aluminum extrusion profile was granted the "China Prestigious Product" award (中國名牌產品) by the AQSIQ and the "China Well-known Trademark" award (中國馳名商標) by the Trademark Office of the SAIC in 2004, and received the "Gold Cup Champion in Quality Nonferrous Metal Products" award (有色金屬產品實物質量金杯獎) from the China Nonferrous Metals Industry Association in 2006. In addition to these awards, our products have received a number of accreditations from well-known domestic and international organizations, signifying our high product quality and recognizable brand name. In 2003, we received a "Certificate for Product Exemption from Quality Surveillance Inspection" from the AQSIQ. In addition, we are the only manufacturer in East Asia to have received a license certificate from QUALICOAT, an internationally recognized quality label organization committed to maintaining and promoting the quality of lacquering, painting and coating on aluminum and its alloys for architectural applications, authorizing us to use its "QUALICOAT" symbol to denote the high quality coating of our products. We have been accredited by Det Norske Veritas, one of the world's leading classification societies, for our supply of aluminum extrusion products used in the manufacture of vessels. Furthermore, we are the only manufacturer in China which is a member of the Metals Service Center Institute of the United States, whose members constitute the single largest group of metals purchasers in North America. This membership provides us information about market trends in the global aluminum industry and a competitive edge over our competitors in China. Through attending various members-only conferences organized by Metals Service Institute of the United States, we have been able to promote our products and brand name to other members and further develop our business in North America. In addition, we have recently qualified as an approved supplier to ALSTOM Holdings, a major global manufacturer of equipment for the passenger rail industry, by passing its strict qualification testing procedures which cover key areas of our operations such as management, production, integrated logistics, services, environmental, health and safety, non-conformity, corrective and preventive actions, and employee training. We have commenced business with ALSTOM Holdings since December 2008. Being chosen by the relevant authorized project contractors based on our product quality and brand reputation, our products have been selected and used in several large-scale national construction projects in China, such as Terminal Three of the Beijing Capital International Airport, the 2008 Olympic Games venues in Beijing and the 2010 World Expo in Shanghai.

## BUSINESS

We have established a research and development center that focuses on product design and quality control to meet various customers' specifications and quality standards. In addition, we collaborate with leading research institutions and universities, such as Xi'an Heavy Machinery Research Institute (西安重型機械研究所), First Aircraft Institute of AVIC-1 (中國一航第一飛機設計研究院) and Northeastern University of China (中國東北大學), in the research and development of our products and the improvement of our manufacturing techniques. We have also purchased equipment and instruments from Shimadzu (Hong Kong) Ltd. and Carl Zeiss, Inc. for our research and development center. Moreover, we have an in-house die design team that allows us to produce customized dies which are tailored to customers' specifications and layouts. As of the Latest Practicable Date, we held 176 patents for layout designs in China, details of which are provided in the section headed "Intellectual property rights of our Group" in Appendix VI to this prospectus.

The following table sets out the breakdown of our revenue and gross profit margin by product category for the years indicated:

	For the year ended December 31,								
	2006			2007			2008		
	Revenue		Gross	Revenue		Gross	Revenue		Gross
	RMB		profit	RMB		profit	RMB		profit
	million	%	margin	million	%	margin	million	%	margin
Industrial aluminum									
extrusion products . . . . .	1,613.6	26.6	31.5	2,787.5	37.1	36.1	6,224.9	55.3	39.8
Construction aluminum									
extrusion products . . . . .	4,461.6	73.4	13.5	4,733.7	62.9	12.9	5,039.6	44.7	12.4
Total . . . . .	<u>6,075.2</u>	<u>100.0</u>	18.3	<u>7,521.3</u>	<u>100.0</u>	21.5	<u>11,264.4</u>	<u>100.0</u>	27.5

We have achieved significant revenue and earnings growth in recent years. For the three years ended December 31, 2008, we had revenue of RMB6,075.2 million, RMB7,521.3 million and RMB11,264.4 million, respectively, representing a CAGR of approximately 36.2% from 2006 to 2008. Our net profit for the same periods was RMB551.4 million, RMB852.2 million and RMB1,910.4 million, respectively, representing a CAGR of approximately 86.1% from 2006 to 2008. The increases in our revenue and net profit during the Track Record Period were primarily due to increased sales volume of our aluminum extrusion products, particularly for industrial aluminum extrusion products that command higher profit margins. Sales volume of our aluminum extrusion products increased from approximately 266,479 tons in 2006 to 307,398 tons in 2007 and to 430,857 tons in 2008, primarily due to the increasing demand for our products as a result of the growing reputation of our brand and our high-quality products.

As a result of our business strategy to increase our penetration of the industrial market, which has shown increasing demand from customers and provided a higher profit margin than the construction market, during the Track Record Period, our sales of industrial aluminum extrusion products increased significantly and accounted for 26.6%, 37.1% and 55.3% of our revenue, respectively, while our sales of construction aluminum extrusion products accounted for 73.4%, 62.9% and 44.7% of our revenue, respectively.

### **OUR COMPETITIVE STRENGTHS**

We believe that the following competitive strengths are key factors to our success to date and will enable us to continue to increase market share and capture the anticipated future growth in the aluminum extrusion market.

#### **Established market leadership in the industry**

We were the largest aluminum extrusion products manufacturer in China in terms of production volume, producing over 303,000 tons and 419,000 tons of aluminum extrusion products in 2007 and 2008, respectively. We were the third largest aluminum extrusion products manufacturer in the world and the largest in Asia and China in terms of production capacity with an annual production capacity of approximately 505,000 tons in 2007. With our market leadership position, which is primarily achieved through economies of scale and technologically advanced equipment and know-how, our Directors believe that we are well-positioned to take advantage of any continuing growth of the market for aluminum extrusion products in China. In particular, our focus on providing industrial aluminum extrusion products to the transportation sectors in China has enabled us to benefit from the rapid growth in those sectors, which growth is expected to continue for the foreseeable future. In addition, we believe our large-scale and strong bargaining power relative to other domestic competitors will enable us to selectively pursue attractive business opportunities in the aluminum extrusion industry.

#### **High quality industrial products with a particular focus on the transportation sectors**

Our high quality industrial products and well recognized brand name have enabled us to compete effectively in the aluminum extrusion industry, particularly the transportation sectors which require higher product quality and durability in comparison to many of the other sectors which use aluminum extrusion products. Our brand name is well regarded both internationally and in the Chinese domestic market due to our high quality, value-added products which satisfy and conform to customers' specifications and stringent standards. Our "Zhongwang" brand is recognized as a "China Prestigious Product" and "China Well-known Trademark" as certified by the AQSIQ and the SAIC, respectively. Our "Zhongwang" brand has been registered with the World Intellectual Property Organization and is recognized in 16 countries throughout the world. In addition, our products have received a number of certifications and accreditations from well-known international organizations, signifying our high product quality and recognized brand name. For example, we are the only manufacturer in East Asia to have received a license certificate from QUALICOAT, authorizing us to use its quality sign "QUALICOAT" to denote the high quality coating of our products. We have been accredited by Det Norske Veritas, one of the world's leading classification societies, for our supply of aluminum extrusion products used in the manufacture of vessels. Furthermore, we are the only manufacturer in China which is a member of the Metals Service Center Institute of the United States, whose members constitute the single largest group of metals purchasers in North America. This membership provides us information about market trends in the global aluminum industry and a competitive edge over our competitors in China. Through attending various members-only conferences organized by Metals Service Institute of the United States, we have been able to promote our products and brand name to other members and further develop our business in North America. In addition, we have recently qualified as an approved supplier to ALSTOM Holdings, a major global manufacturer of equipment for the passenger rail industry, by passing its strict qualification testing procedures which cover key areas of our operations such as management, production, integrated logistics, services, environmental, health and safety, non-conformity, corrective and preventive actions, and employee training.

### **Advanced technology, research and development and die design capabilities**

Our technology, research and development and die design capabilities place us at the forefront of the aluminum extrusion industry in the PRC. We have established a research and development center, which focuses on the improvement of our manufacturing techniques, customized product design, testing of the properties, functionality and composition of aluminum alloy and expansion of our product range. In addition, we have an in-house die design team, which allows us to produce customized dies that are tailored to customers' specifications, and our quality examination team, which covers every stage of our production and ensures consistent product quality that meets customers' requirements. As a result, we have continued to meet the stringent technical specifications and quality standards of our customers while reducing our manufacturing costs. Moreover, we work closely with our customers and various research and academic institutions to develop new layout and die designs and aluminum extrusion products, as well as related manufacturing techniques. In addition, we have been invited to participate in the research and development of, and supply aluminum extrusion products for testing purposes to, a PRC government sponsored aviation technology project designed to produce large-bodied aircrafts. As of the Latest Practicable Date, we held 176 patents for layout designs in China, details of which are provided in the section headed "Intellectual property rights of our Group" in Appendix VI to this prospectus. Furthermore, we are currently expanding the scale of our die design facility, allowing us to design and produce customized dies for large-section and high precision aluminum extrusion products. We believe that we are well-positioned to further increase our market share by providing customers with innovative technology and high value-added products through our continuous efforts in research and development.

### **Leading production capabilities and advanced equipment**

According to China Nonferrous Metals Industry Association, we have been ranked as the largest aluminum extrusion products manufacturer in China in terms of production volume for four consecutive years from 2004 to 2007. As of the Latest Practicable Date, we have a designated production capacity of over 535,000 tons. Our leading production capacity enables us to provide a wide range of aluminum extrusion products to a diverse customer base, with a particular focus on the transportation sectors. Our manufacturing processes, including our advanced manufacturing equipment, are designed to produce consistently high quality, value-added products while at the same time achieving relatively low per unit production costs and improved production yields. We are capable of producing aluminum extrusion products with customized specifications and offering a variety of products to meet our customers' needs and quality standards. We utilize technologically advanced manufacturing equipment and machinery, most of which are imported from Japan, Germany, Italy, Switzerland and Spain. We completed the installation of our 125MN oil-driven dual action extrusion machine in 2007, which is currently the largest of its kind in China, allowing us to produce sizable, high-quality, value-added aluminum extrusion products. We believe that our production capabilities and our focus on continually offering new products will enable us to increase sales and strengthen our market position.

### **Diverse and stable customer base**

We have a diverse base of domestic and overseas customers which include large-scale transportation customers in the railway, metropolitan conductor rail, automobile, shipbuilding and aviation industries, manufacturers of industrial equipment and machinery, real estate developers, and wholesalers of construction materials and construction companies. We have

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## BUSINESS

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established long-term relationships with customers with whom we have business dealings for four years or more in various end-user markets. For example, since 2004, the MOR has designated our Company as one of the few qualified suppliers for the manufacture of its cargo and passenger carriages. We have since entered into framework agreements with four state-owned enterprises which are major suppliers of the MOR. Along with these railway customers, we increased sales to major conductor rail producers for use in metropolitan railways (subways and light rails) during the Track Record Period, such as Xi'an Yingqiang Power Engineering Material Co., Ltd. and Changzhou Track Drive Vehicle Traction Engineering Research Center. We have also signed supply contracts with several automobile components manufacturers such as Cascade Xiamen Forklift Truck Attachment Co., Ltd. and Changchun Guofu Truck Bodies Manufacturing Co., Ltd. Our other major customers include Xi'an Feibao Airport Equipment Co., Ltd., a subsidiary of a major aircraft producer in China; China CREC Railway Electrification Bureau Group Baoji Equipment Co., Ltd., a supplier for railway contact network; and a major shipbuilder in Australia.

### **Experienced management team with significant industry expertise**

We are led by an experienced and dedicated management team, and in particular by the founder and president of our Group and our chairman, Mr. Liu. Our senior management team brings together strong technical expertise and experience in, and in-depth knowledge of, the aluminum extrusion industry. Our senior management team is comprised of experienced specialists in aluminum extrusion operations and production, including Mr. Liu and Mr. Zhou Mi, the chief engineer of our Group. Mr. Liu has more than 16 years of industry experience and has been responsible for providing corporate strategic direction and overseeing our significant growth in recent years. With over 30 years of experience in technical development in the aluminum industry, 12 years of which were focused on technical development in aluminum extrusion, Mr. Zhou plays an important role in the development of our industrial aluminum extrusion products and has contributed to the diversity of our product offerings. The other members of our senior management team have an average of 15 years of experience in the aluminum extrusion business and a proven track record of enhancing and marketing aluminum extrusion products. Our Directors believe that our experienced and committed management team enhances our ability to develop and implement our strategies quickly in response to market changes.

### **OUR STRATEGIES**

We aim to strengthen our leading position in the aluminum extrusion industry in China and to become the world's leading manufacturer of aluminum extrusion products. We will continue to strive to achieve sustainable growth of our businesses and ensure that we remain competitive. To achieve this, we intend to focus on the following strategies:

#### **Expand production capacity to increase our market penetration in the industrial market, with a particular focus on transportation sectors**

We will continue to increase our penetration of the industrial market by expanding our production scale of industrial aluminum extrusion products and increasing our marketing efforts with a particular focus on the transportation sectors, including the railway, metropolitan conductor rail, automobile, shipbuilding and aviation sectors.



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## BUSINESS

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We are currently installing additional production lines which will allow us to manufacture different varieties of industrial aluminum extrusion products and diversify our product offerings to supply a broader customer base in the transportation sectors. By 2011, we expect to increase our production capacity to approximately 800,000 tons, with a utilization rate which is consistent with the current level enjoyed by our Company. As of December 31, 2007 and 2008, we spent approximately RMB20.6 million and RMB31.1 million, respectively, in connection with this planned expansion. In addition, we may selectively acquire reputable aluminum extrusion products manufacturers that have growth potential for the purpose of increasing our production capacity and penetration of the industrial market and transportation sectors. However, we have not yet identified a target for such acquisition.

### **Expand into the downstream sectors of industrial aluminum extrusion products, particularly for transportation sectors**

We intend to expand into the downstream sectors of industrial aluminum extrusion products by developing and manufacturing additional value-added products for our existing customers in the industrial market, particularly those in the transportation sectors. We are currently developing value-added extrusion products, such as rail freight trunks and passenger trunks, metropolitan railway trunks, heavy truck bodies, and high-strength and high-quality quenching alloy products, all of which are ready to be assembled and used by our customers in the production of railway cargos, metropolitan conductor rails and automobiles without further processing. In addition, we intend to develop value-added extrusion products for customers in the aviation and shipbuilding sectors. We are currently constructing additional facilities and plan to install new equipment for the production of downstream value-added products, and such construction and installation are expected to be completed in 2011. As of the Latest Practicable Date, we completed approximately 90% of the construction of new facilities. In addition, we have entered into certain arrangements with, paid applicable land transfer fees to, and obtained the land use right certificate from, the relevant PRC governmental authority for the transfer of lands used for such facilities. As of December 31, 2007 and 2008, we had spent approximately RMB16.7 million and RMB29.9 million, respectively, in connection with this planned expansion. The offering of value-added products will allow us to increase our profit margin and enhance our competitiveness in the marketplace. Our Directors believe that our existing customers are likely to purchase such value-added extrusion products from us since we have already met their stringent quality requirements and are a preferred supplier of these customers.

### **Further enhance research and development capability**

We plan to leverage our strong emphasis on product quality and layout and die design capability to further enhance our status as a leading aluminum extrusion producer in China. We will continuously focus our research and development efforts on improving our manufacturing techniques, increasing product quality and reducing costs. We also plan to continue to leverage our production expertise and collaboration with various research and academic institutions to expand our product offerings, which will allow us to provide a broader range of aluminum extrusion products to customers. In addition, we intend to continue to expand our in-house die design team and research and development efforts to cooperate with our key customers for the production of customized aluminum extrusion products to ensure that our products meet our customers' product quality standards and requirements. We plan to increase investments in research and development and work to attract more professionals with industry knowledge. In addition, we plan to obtain additional recognition of, and renew qualifications for, quality assurance certifications from domestic and international organizations.

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### OUR PRODUCTS

We produce a wide variety of aluminum extrusion products which are broadly classified into two groups: industrial aluminum extrusion products and construction aluminum extrusion products. We are capable of producing aluminum extrusion products with customized specifications.

*Our industrial aluminum extrusion products:* We mainly produce plain, sizable, large-section and high precision aluminum profiles as industrial parts and components for end products such as railway cargo and passenger carriages, metropolitan rails (subways and light rails), vessels, light trucks, automobiles, aircraft and power transmission equipment. All of our industrial aluminum extrusion products are manufactured on a customized basis in accordance with our customers' specifications. We divide our sales in this product category based on end-user markets, such as railway, shipbuilding, aircraft and others.



*Our construction aluminum extrusion products:* We concentrate on high-end construction aluminum extrusion products with complex surface finishing, which are used in upscale buildings and structures and are sub-categorized into polishing, anodizing, electrophoresis coating, powder and wood-effect coating and PVDF coating products, all of which require multiple steps of surface processing. Our construction aluminum extrusion products are primarily used in the fabrication of curtain wall systems, door frames and window frames, and interior decoration materials for building construction purposes. We divide our sales in this product category based on the types of surface finishing used. The following table shows our sales volume by product category for the years indicated:

	For the year ended December 31,					
	2006		2007		2008	
<b>Sales volume (ton)</b>						
Industrial aluminum extrusion products . . .	56,342.5	21.1%	92,204.1	30.0%	201,483.6	46.8%
Construction aluminum extrusion products . . .	<u>210,136.6</u>	<u>78.9%</u>	<u>215,194.2</u>	<u>70.0%</u>	<u>229,373.3</u>	<u>53.2%</u>
<b>Total</b> . . . . .	<u><u>266,479.1</u></u>	<u><u>100.0%</u></u>	<u><u>307,398.3</u></u>	<u><u>100.0%</u></u>	<u><u>430,856.9</u></u>	<u><u>100%</u></u>

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In response to the global economic slowdown and market volatility, as described in “Risk Factors – Risks Relating to Our Business – The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations,” the PRC government has lowered interest rates and announced large fiscal stimulus packages to boost the domestic economy, which include RMB4.0 trillion investments in, among other things, airports, highways, railways, power grids and other infrastructure developments in China, which have caused our customers in these transportation sectors, such as major suppliers of the MOR and major conductors rail manufacturers, to increase their expected purchases from us in 2009. The average monthly sales volume of our industrial aluminum extrusion products increased from approximately 16,790 tons in 2008 to approximately 21,774 tons in the first three months of 2009.

However, our Directors believe that the recent deterioration of the global economy and fierce market competition have caused a decline in the average monthly sales volume of our construction aluminum extrusion products, which decreased from approximately 20,394 tons in the first ten months of 2008 to approximately 12,715 tons in the last two months of 2008. Although our revenue generated from the construction aluminum extrusion products increased in 2008, the increase in revenue in the first ten months of 2008 was offset by the decreases in the average monthly sales volume and average selling price of our construction aluminum extrusion products in the last two months of 2008. In the first three months of 2009, the average monthly sales volume of our construction aluminum extrusion products were approximately 13,845 tons, compared to 12,715 tons in the last two months of 2008. The shift of our product mix toward a greater portion of industrial aluminum extrusion products, which command relatively higher market demand and profit margin, is expected to lessen the negative impact of the global economic downturn on our construction business segment.

Our products have received numerous awards, accreditations and certifications from the PRC government and well-known organizations in China and overseas. Details of the awards, accreditations and certifications we had received as of the Latest Practicable Date are set out in the section headed “Major Awards, Certificates and Memberships” below.

### **PRODUCTION FACILITIES, PROCESSES AND TECHNOLOGIES**

According to the China Nonferrous Metals Industry Association, we have been ranked as the largest aluminum extrusion products manufacturer in China in terms of production volume for four consecutive years from 2004 to 2007. We believe that having the largest production capacity in China, coupled with our high level of accumulated manufacturing know-how and our advanced production facilities, enables us to maintain our competitive strength in the market.

In recent years, we significantly expanded our production facilities which are centralized in an integrated production complex located in Liaoyang, China. For example, our 31.5MN extrusion press and 75MN extrusion press commenced production in 2006. In 2007, we installed a 125MN oil-driven dual action extrusion press, allowing us to produce sizable, large-section and high precision aluminum extrusion products, and our 55MN extrusion press commenced production during that same year. In 2008, we added a set of smelting and casting machinery, a 20MN extrusion press and a 27.5MN extrusion press to our production facilities. The

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following table sets forth the breakdown of our production capacity, production volume and utilization rate for the Track Record Period:

	For and as of the year ended December 31,		
	2006	2007	2008
Production capacity (ton) . . . . .	391,986.0	505,386.0	535,311.0
Production volume (ton). . . . .	243,712.3	303,313.6	419,466.0
Utilization rate (%) <sup>(1)</sup> . . . . .	68.0 <sup>(2)</sup>	67.6 <sup>(2)</sup>	80.6

- (1) The utilization rate is calculated based on the production volume for the year divided by the average of the beginning and ending production capacities.
- (2) For each of the years ended December 31, 2006 and 2007, we completed the installation of several new production lines (including our 125MN oil-driven dual action extrusion press) at the end of each respective year, and such increases in production capacity were included in the reported production capacity of that year, while in fact the newly installed production lines did not commence commercial production during most part of that year. As a result, the utilization rates in 2006 and 2007 were significantly lower than the utilization rate in 2008. In addition, the decrease in production volume in 2006 was primarily a result of our planned reduction in the manufacturing of construction aluminum extrusion products, reflecting our penetration of the industrial market.

We have a comprehensive range of aluminum extrusion presses with compressive strength ranging from 5MN to 125MN. Our production lines can produce large-section aluminum extrusion products up to one meter in length of diagonal line.



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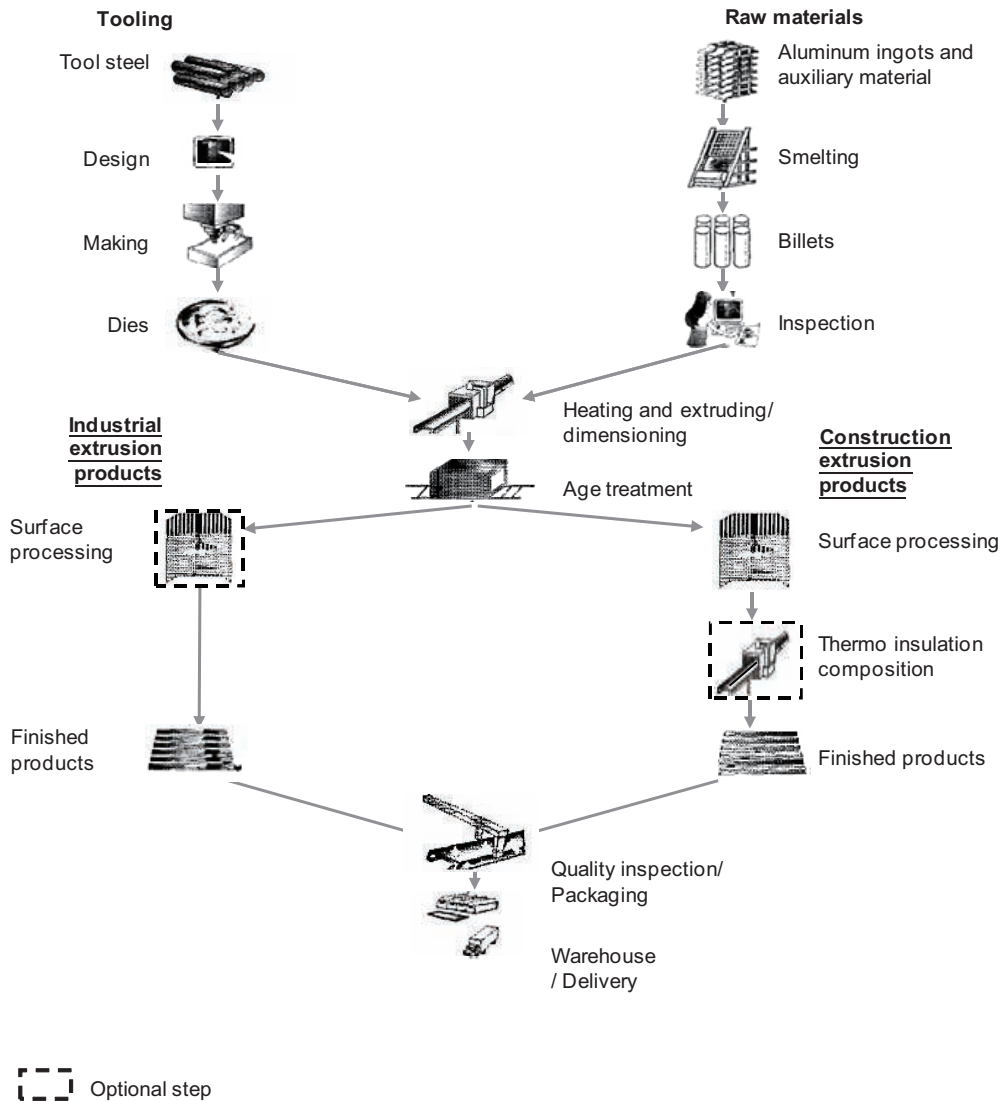
As of the Latest Practicable Date, the design specifications of our production facilities were as follows:

<b>Production equipment</b>	<b>No. of unit(s)</b>	<b>Capacity (Approximately)</b>
Smelting and casting production line . . . . .	10	600,000 tpy
Die design and production machinery . . . . .	62	100,000 sets per annum
Aluminum extrusion press . . . . .	64	535,000 tpy
Furnace and age treatment system. . . . .	28	508,700 tpy
Anodizing and electrophoresis coating line . . . . .	8	160,000 tpy
Vertical polyester powder coating line . . . . .	7	135,000 tpy
Horizontal powder coating line . . . . .	2	15,000 tpy
Wood-effect coating line . . . . .	3	5,000 tpy
PVDF coating line. . . . .	2	20,000 tpy
Thermal insulation compositing line. . . . .	5	50,000 tpy
Polishing machinery . . . . .	2	10,000 tpy
Sandblasting machinery . . . . .	5	28,800 tpy

We import our technologically advanced equipment and machinery mainly from Japan, Germany, Italy, Switzerland and Spain and continuously upgrade our facilities in order to improve production efficiency. In addition, we have an in-house die design team which is responsible for creating various layout and die designs, allowing us to produce customized products that are tailored to our customers' specifications and technical standards.

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The following flow chart sets out the major steps in the manufacture of our industrial and construction aluminum extrusion products.



## Smelting and casting

Aluminum ingots and other auxiliary materials, such as silicon and magnesium, are smelted together to form aluminum alloy billets. The aluminum alloy billets are then cut into various sizes according to the dimensions required by the final products.

We employ high-precision and energy-saving aluminum alloy smelting and casting production lines, which allow us to produce aluminum alloy billets with various levels of alloy content in various sizes for the manufacture of our products.

## Die design and making

Our die design and production lines include systems of design, electromechanical processing and heat treatment. Our dies are usually made of steel or steel alloy, the size of which measure up to 1,250 mm in diameter.

### **Heating and extruding**

The prepared aluminum alloy billets are heated to temperatures ranging between 450 and 520 degrees Celsius and then extruded through a designated die to form different aluminum extrusion products.

### **Age treatment**

The plain extrusion products are then put into a furnace for heat treatment, which strengthens the structure of the products by increasing hardness and mechanical strength.

We have comprehensive age treatment systems which include homogeneous furnaces, a dry vertical quenching facility and aging and anneal furnaces.

### **Surface processing**

Surface processing is the process by which semi-finished plain aluminum extrusion products are coated in order to increase the surface resistance against chipping, cracking, abrasion, erosion and impact and to enhance the appearance of the products. Different surface coatings can be applied to our products based on our customers' specific requirements. We are currently equipped to provide five kinds of surface processing, namely, polishing, anodizing, electrophoresis coating, powder and wood-effect coating and PVDF coating.

*Polishing:* Polishing is a process by which plain aluminum profiles are polished by machinery and then anodized. It is usually applied in the production of construction aluminum profiles used for interior decoration.

*Anodizing:* After age treatment, the plain aluminum extrusion products undergo anodizing, a simple electrochemical process, to form a protective layer of aluminum oxide on the surface of plain aluminum profiles. Aluminum oxide is a hard, durable, weather resistant substance that protects the underlying metal. Once coated with aluminum oxide, the aluminum extrusion product is strengthened and protected against atmospheric corrosion and oxidation.

*Electrophoresis coating:* Electrophoresis coating is a process by which anodizing aluminum profiles are coated with acrylic water-soluble paint by way of electrolysis. The coating of acrylic water-soluble paint gives a highly polished and easily cleaned surface to aluminum profiles and protects the surface against acid and alkaline corrosion.

*Powder and wood-effect coating:* Powder coating is a process by which pure polyester powder paint is applied to plain aluminum profiles by spraying powdered paint directly onto plain aluminum profiles. Powder coating increases the oxidation and age resistance of aluminum profiles. Wood-effect coating is a process by which wood patterns are printed on the aluminum profiles under high temperature, thereby enhancing the decorative effect of our products.

*PVDF coating:* PVDF coating is a technique of applying a chemical resistant film barrier coating to plain aluminum profiles. PVDF coating increases resistance to corrosion, weathering, wear and abrasion and is generally applied in the production of our high performance construction aluminum extrusion products.

### **Thermal insulation compositing**

All aluminum profiles can be processed with thermal-insulation compositing after undergoing polishing, anodizing, electrophoresis coating, powder and wood-effect coating or PVDF coating. This process helps protect aluminum profiles against the effects of sound and extremes in temperature.

### Testing and quality inspection

Testing and quality control measures are implemented at various stages of our manufacturing process. Our team at the research and development center conducts physical and chemical inspections to examine raw materials, while our quality control team conducts testing and inspection to monitor the quality of our work-in-progress and finished products and to ensure that they meet our quality standards. Our products typically undergo three levels of quality control, which include self-inspection at the workshop, intra-inspection during the production process and special inspection by our full-time quality control inspectors who test our products and reject those that fail to meet our quality standards. We also have an internal quality review system which involves senior production managers for review and approval. Products that do not pass quality control tests are put into scrap and recycled.

### Packaging

Our plain aluminum extrusion products are packaged for warehousing after the completion of age treatment, while our aluminum profiles requiring surface processing are packaged for warehousing after the completion of the surface processing steps.

### OUR CUSTOMERS

We sell our aluminum extrusion products to a large and diverse customer base from various industries, including manufacturers in the transportation sectors, such as manufacturers of railways, metropolitan rails (subways and light rails), light trucks, vessels, aircraft and automobiles, and real estate developers, and wholesalers of construction materials, manufacturers of industrial equipment and machinery.

The MOR has designated our Company as one of the few qualified suppliers for the manufacturing of its cargo and passenger carriages since 2004. We have since entered into framework agreements with four state-owned enterprises which are major suppliers of the MOR, namely, Qiqihaer Rail and Transportation Equipment Co., Ltd. (齊齊哈爾軌道交通裝備有限責任公司), Zhuzhou Carriage Factory of China South Locomotive & Rolling Group Limited (中國南車集團株洲車輛廠), Beijing 27 Carriage Factory of China South Locomotive & Rolling Group Limited (中國南車集團北京二七車輛廠) and Baotou Beifang Chuangye Company Limited (包頭北方創業股份有限公司). For the Track Record Period, sales to these four state-owned enterprises in aggregate amounted to RMB678.4 million, RMB1,564.9 million and RMB1,831.5 million, respectively, which represented approximately 11.2%, 20.8% and 16.3% of our sales, respectively. Notwithstanding the deterioration of global economy, based on the recent framework agreements entered into with these four state-owned enterprises, the estimated sales volume to these entities in 2009 is expected to increase compared to the actual sales volume to these entities in 2008. We also provide industrial aluminum extrusion products to conductor rail manufacturers for use in metropolitan railways (subways and light rails).

For example, we have entered into framework contracts with major conductor rail manufacturers in the PRC, including Baoji Dekang City Railway Equipment Co., Ltd. (寶鷄德康城市鐵道專用器材有限公司), Shaanxi Jungle Aluminum Co., Ltd. (陝西叢林鋁材有限公司), Xi'an Yingqiang Power Engineering Material Co., Ltd. (西安英強電力工程材料有限公司), and Changzhou Track Drive Vehicle Traction Engineering Research Center (常州軌道車輛牽引傳動工程技術研究中心). These framework contracts, which are entered into on an annual basis, are legally binding and typically set out: (i) estimated



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volume of purchase; (ii) pricing method for each product type; (iii) the quality specifications and technical standards for each product type; (iv) the place of delivery for each shipment; (v) the method of transport and freight payment terms; (vi) method of inspection and standards (including time limits) for acceptance or rejection of shipment; (vii) settlement and payment terms; and (viii) the effective and execution dates of each such contract. However, none of the framework contracts state the exact amount of purchase; rather, these framework contracts provide the estimated volume of purchase and pricing method, under which our selling price will be determined with reference to market price of aluminum ingots plus a predetermined processing fee. For the years ended December 31, 2007 and 2008, sales to Baoji Dekang City Railway Equipment Co., Ltd. represented approximately 0.6% and 4.7% of our sales, respectively, and sales to Shaanxi Jungle Aluminum Co., Ltd. represented approximately 0.5% and 3.9% of our sales, respectively. For the same periods, sales to Xi'an Yingqiang Power Engineering Material Co., Ltd. represented approximately 0.6% and 4.4% of our sales, respectively; while sales to Changzhou Track Drive Vehicle Traction Engineering Research Center represented approximately 0.5% and 4.3% of our sales, respectively. Based on the recent framework agreements, in 2009, the estimated sales volume to Changzhou Track Drive Vehicle Traction Engineering Research Center, Baoji Dekang City Railway Equipment Co., Ltd., Shaanxi Jungle Aluminum Co., Ltd. and Xi'an Yingqiang Power Engineering Material Co., Ltd. is expected to increase compared to the actual sales volume to these entities in 2008. We believe that such expected increasing demand in 2009 is mainly due to the PRC government's large fiscal stimulus packages to boost domestic economy, which include RMB4 trillion investments in, among other things, railways, highways, airports, power grids and other infrastructure developments in China, which have caused our customers in these transportation sectors, such as major suppliers of the MOR and major conductor rail manufacturers, to increase their expected purchases from us in 2009.

Our major customers in the automobile sector include automobile components manufacturers such as Cascade Xiamen Forklift Truck Attachment Co., Ltd. (卡斯卡特(廈門)叉車屬具有限公司) and Lingyun Industrial Corporation Ltd. (凌雲工業股份有限公司). Our other major customers include Xi'an Feibao Airport Equipment Co., Ltd. (西安飛豹空港設備有限責任公司), a subsidiary of a major aircraft producer in China; China CREC Railway Electrification Bureau Group Baoji Equipment Co., Ltd. (中鐵電氣化局集團寶鷄器材有限公司), a supplier for railway contact networks; and a major shipbuilder in Australia.

For the Track Record Period, our five largest customers in aggregate accounted for approximately 16.4%, 23.9% and 22.5% of our sales, respectively, and none of them was a connected person of our Company. Sales to our single largest customer for the same periods accounted for approximately 4.9%, 5.8% and 4.7%, respectively. During the Track Record Period, the proportion of sales contributed by our connected persons was approximately 0.2%, 0.3% and 0.004% of our sales, respectively. Save as disclosed in the section headed "Relationship with Our Controlling Shareholder and Continuing Connected Transactions," during the Track Record Period, all of our customers were Independent Third Parties, and none of our Directors, their associates or any shareholder, who owns more than 5% of our issued share capital, had any interest in any of our top five customers. For the Track Record Period, sales to overseas customers accounted for approximately 7.2%, 5.3% and 3.3% of our total sales, respectively. Our overseas customers are mainly located in the U.S., Australia, Germany and Canada.

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Quality and reliability of supply are key considerations of our major customers in selecting us. We have developed long-term relationships with our major customers with whom we have business dealings for four years or more and have devoted resources and efforts in meeting quality standards and establishing ourselves as a preferred supplier of our customers. For example, we have recently qualified as an approved supplier to ALSTOM Holdings, a major global manufacturer of equipment for the passenger rail industry, by passing its strict qualification testing procedures which cover key areas of our operations such as management, production, integrated logistics, services, environmental, health and safety, non-conformity, corrective and preventive actions, and employee training. We have commenced business with ALSTOM Holdings since December 2008. Our sales contracts with our customers vary depending on volume and stability of purchases, creditworthiness and trading history with the customer. As we expand our manufacturing capacity and enhance our distribution channels, we expect to develop additional customer relationships if demand for aluminum extrusion products continues to rise worldwide, particularly in China.

In February 2009, we entered into a strategic cooperation agreement with Beijing CNR Logistics Development Company Limited (北京北車物流發展有限責任公司) for and on behalf of its parent company, China CNR Corporation Limited (“China CNR”) (中國北車股份有限公司). In March 2009, we entered into a strategic cooperation agreement with CSR Investment Lease Co., Ltd. (南車投資租賃有限公司) for and on behalf of its parent company, China South Locomotive & Rolling Stock Corporation Limited (“China CSR”) (中國南車股份有限公司). Both China CNR and China CSR are major state-owned enterprises in China focusing on the manufacture of transportation equipment and machinery. Under these strategic cooperation agreements, which are non-binding, China CNR and China CSR have indicated their intention to purchase industrial aluminum extrusion products from our Company subject to meeting their quality standards and specifications and to provide assistance to our research and development efforts, while we will offer our products to China CNR and China CSR at preferential prices.

We typically set prices of our products based on a “cost-plus” basis, under which we add the prevailing market price of aluminum ingots plus our processing charges, taking into account the complexity of product design, level of precision of the product, size of the contract, trading history and our relationship with the customer, and the overall market condition and demand. Due to the recent global financial crisis, global and domestic primary aluminum prices have decreased significantly since September 2008. For details, please refer to the section headed “Industry Overview – Prices of Primary Aluminum” in this prospectus. The decrease in prices of aluminum ingots traded on the LME and SHFE in 2008 has resulted in a decrease in the average purchase price of aluminum ingots from our suppliers during the same period. However, despite such decrease in our average purchase price of aluminum ingots from suppliers, the average selling price of our products increased in 2008 mainly due to the increased market demand for our industrial aluminum extrusion products which typically command higher processing fees than our construction aluminum extrusion products. For details, please refer to the section headed “Financial Information – Factors affecting our results of operations – Pricing of our products” in this prospectus.

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We adopt different pricing policies for domestic and overseas sales. For our customers in China, we use the commodity trading prices quoted on the SHFE, one of the largest futures exchanges in China. For our major customers in China (except for the four state-owned customers which are the major suppliers of the MOR), we set our prices based on the prevailing weighted average spot-month price of aluminum ingots traded on the SHFE at the time we receive sales orders from the customers, plus our processing charges. For other domestic customers and those four state-owned customers which are the major suppliers of MOR, we set our prices based on the monthly weighted average price of aluminum ingots traded on the SHFE in the preceding month. In line with industry practice, we use different weighted average prices quoted on the SHFE for our domestic customers; however, the differences are insignificant and such pricing terms are generally requested by our respective domestic customers based on their preference. For our overseas customers, we use the commodity trading prices quoted on the LME, an internationally recognized exchange for the nonferrous metals market. For sales to overseas customers, we calculate our prices based on the three-month mean price of aluminum ingots traded on the LME prevailing on the order date, plus our processing fees, packaging and handling charges and transportation costs. We export our products free on board, and our customers are responsible for all shipping and insurance costs.

We generally require domestic customers in China to pay us 30% of the purchase price upon placement of an order, with the remaining 70% due prior to delivery of our products. Sales made in China are typically on a cash basis or settled by bank transfers. Our overseas customers are required to make payments by bank transfer payable within three months after delivery or by letter of credit payable at sight. We assess and provide credit terms to customers on a case-by-case basis, depending on the volume of purchases, creditworthiness and trading history of the customers. We generally provide average credit terms of 90 days to our customers.

### **SALES, MARKETING AND DISTRIBUTION**

Currently, we have a domestic sales and distribution network that provides us nationwide coverage in every province of China, and four international distributors which mainly cover our overseas markets in North America, Europe and Australia. All of our distributors were Independent Third Parties during the Track Record Period. We use a combination of our own direct sales and marketing teams and a network of distributors to market and sell our products. In 2006, 2007 and 2008, direct sales accounted for 60.1%, 68.1% and 87.1% of our revenue, respectively, while sales through distributors accounted for 39.9%, 31.9% and 12.9% of our revenue, respectively.

As of December 31, 2008, our sales and marketing teams consisted of 196 personnel, with 176 employees focused on the PRC domestic market and 20 employees on export sales. In addition to sales made to our distributors in the PRC, our sales and marketing teams sell and promote our products directly to customers in a variety of end-user markets, such as railway and construction companies, and participate in tender exercises for construction projects. Most of our industrial aluminum extrusion products are sold directly to customers. We believe the demand for aluminum extrusion products is growing rapidly in China, and therefore, we have dedicated our sales and marketing efforts to China and have focused on building our reputation and customer base in that market. We plan to continue to expand our sales force dedicated to China and further strengthen our leading position with a focus on the industrial aluminum extrusion market. For our overseas markets, we have an export sales department, led

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by our vice president, Mr. Liu Zhongsuo, with 20 sales employees. Our export sales team is responsible for securing new contracts from international customers and serving key overseas customers in the transportation sectors. Moving forward, we also intend to dedicate more resources to our export marketing and sales force, build up our international distributor network and increase our market share in the overseas markets.

In addition to direct sales, we sell our products through independent distributors domestically and internationally. As of December 31, 2008, we had a network of 17 domestic distributors across all provinces in China and four international distributors covering our overseas markets. We select our distributors based on their industry experience, distribution network, financial condition, credit worthiness and compatibility with our business strategy. Each of our distributors has its own sales force that focuses on marketing our products in its particular territory. Based on our contractual arrangements, our distributors may only distribute our products and may not sell any other manufacturer's products that directly compete with ours. We typically have one distributor operating in each designated region; however, we also sell directly to customers within the same territory depending on its size and our market penetration of it. We assign our sales employees to each of our key sales regions to assist our distributors in servicing customers, promoting our products, supervising their distribution activities and assisting them to develop new customer relationships. We conduct meetings with our distributors annually to review the qualifications of our distributors based on sales targets set at the beginning of each year and renew annual distribution agreements with qualified distributors. We typically provide our distributors the same pricing and settlement terms as we do to our direct sales customers. We provide quality assurance to our distributors by replacing defective products, provided that the quality problem has not been caused by their own actions. We typically arrange delivery of our products to distributors using our fleet of vehicles, while the distributors are responsible for the delivery costs which are added to the purchase price.

We offer an incentive bonus program to reward our sales employees, and discounts on future purchases to our distributors, who have achieved their annual sales targets. The amounts of incentive bonus offered to our sales employees are linked to their sales performance. For our sales employees, we offer incentive bonuses to those who meet at least 50% of their sales targets, based on incremental rates. We reward distributors who achieve their annual sales targets with discounts on future purchases. Such discounts are calculated as a percentage of actual sales, based on the range of the ratio of actual sales to sale target that a distributor has achieved annually. In 2006, 2007 and 2008, we offered discounts of approximately 0.4%, 0.3% and 0.2% of our total sales to distributors who met their annual sales targets, respectively. Such distributors represented approximately 56.7%, 53.3% and 88.2% of our total number of distributors in 2006, 2007 and 2008, respectively. We typically review sales performance of our sales teams and distributors on an annual basis.

We advertise our brand and products in industry journals and technical publications, and on television networks and airport billboards to broaden our brand recognition and awareness. We also regularly participate in various industrial exhibitions and seminars in China.

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With the purpose of extending our sales network and building our brand name, we previously allowed some of our local distributors and customers to include “Zhongwang” in their company names. We confirm that all these entities involved in this arrangement were Independent Third Parties during the Track Record Period. These local distributors were also permitted to present themselves as our branches for marketing and product promotion purposes. However, the management and business operation of each of these distributors and customers are independent from us. As advised by our PRC legal advisor, Commerce & Finance Law Offices, the use of “Zhongwang” by these entities in their company names is lawful and no prior consent from us is required under PRC laws since these entities have registered their company names in administrative regions other than Liaoning. However, given that our brand name “Zhongwang” is recognized as a “China Well-known Trademark” by the Trademark Office of SAIC, we are entitled to apply for revocation of these company names with the relevant authority in the event that our rights and interests are infringed or the public may be deceived or misled by these company names. To protect our brand name and reputation, we have discontinued this arrangement with all such entities in 2006. Currently, none of our distributors are allowed to present themselves as our branches or use “Zhongwang” in their names. However, some of our customers still include “Zhongwang” in their company names. Since there is no evidence showing that our rights and interests have been infringed or that the use of “Zhongwang” name by these customers has deceived or misled the public, it would be difficult for us to take any legal or administrative action to prohibit the use of “Zhongwang” name by these customers according to our PRC legal advisor. As of December 31, 2008, none of our distributors included “Zhongwang” in their company names while there were ten customers of our Group still including “Zhongwang” in their company names.

### **RAW MATERIALS, ENERGY AND SUPPLIERS**

Aluminum ingots are the principal raw material for the production of aluminum extrusion products. We source and purchase such raw material from aluminum ingot producers located within close proximity to our facilities in Liaoning, China. Over the years, we have established and maintained relationships with our key suppliers. In order to secure stable and reliable supply at a competitive price, we typically pay deposits to our suppliers of aluminum ingots. However, we are not dependent on any single aluminum ingot supplier. We typically enter into one-year supply agreements with several major aluminum ingot producers in China, each providing us a specified minimum level of aluminum ingots each year. We generally maintain approximately a 45 days’ supply of aluminum ingots. Due to the recent global financial crisis, the global and domestic primary aluminum prices have decreased significantly since September 2008. For details, please refer to the section headed “Industry Overview – Prices of Primary Aluminum” in this prospectus. The decrease in prices of aluminum ingots traded on the LME and SHFE in 2008 has resulted in the decrease of our average purchase price of aluminum ingots from our suppliers during the same period. However, despite such decrease in our average purchase price of aluminum ingots from suppliers, the average selling price of our products increased in 2008 mainly due to the increased market demand of our industrial aluminum extrusion products which typically command higher processing fees than our construction aluminum extrusion products. For details, please refer to the section headed “Financial Information – Factors affecting our results of operations – Pricing of our products” in this prospectus.

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In addition, we purchase electricity, gas, gasoline, diesel and coal, which are the principal forms of energy used in our production process. We purchase electricity from the regional power grid at government-mandated rates, and we have a transformer station in our factories in Liaoyang. We also purchase gas, gasoline, diesel and coal from third-party vendors in China. The location of our production facilities in Liaoning, China enables us to reduce our transportation costs in obtaining our principal raw material and energy sources.

Other than aluminum ingots and energy sources, we use other raw materials and chemicals in manufacturing our products, such as sulfuric acid, powder paint, PVDF paint, silicon and magnesium. These raw materials are generally available and purchased from numerous suppliers in China. Although the prices of these other raw materials fluctuate due to changes in market supply and demand, we believe these commodities are in adequate supply and are generally available from numerous sources. We have not experienced any difficulty in sourcing aluminum ingots, other raw materials and chemicals, and energy sources. Our Directors do not anticipate any sourcing difficulties in the foreseeable future as supply is abundant. Our purchases are settled in Renminbi, and we have an average 90-day credit period from our suppliers.

For the Track Record Period, our five largest suppliers in aggregate accounted for approximately 78.9%, 80.2% and 81.6% of our total cost of sales, respectively, all of whom were suppliers of aluminum ingots, our principal raw material. Our single largest supplier constituted approximately 27.0%, 31.4% and 46.7% of our total cost of sales for the same periods, respectively. Our Directors are of the view that since aluminum ingot is a commodity that is readily available in China where the supply of aluminum ingots is abundant and we have established strong trading relationships with various aluminum ingot suppliers in China, we are able to purchase and obtain sufficient amount of aluminum ingots from other suppliers in China. During the Track Record Period, we purchased certain raw materials from connected persons. After the Listing, our Group will continue to purchase plastic film (for use as packaging material) and coating powder (for use in surface processing) from our connected persons. Details of such purchases are set forth in the section headed "Relationship with our Controlling Shareholder and Continuing Connected Transactions" in this prospectus. Save as disclosed in the section headed "Relationship with Our Controlling Shareholder and Continuing Connected Transactions – Continuing Connected Transaction," all of our major suppliers were Independent Third Parties and none of our Directors, their associates or any shareholder who owns more than 5% of our issued share capital, had any interest in any of our top five suppliers during the Track Record Period.

### **RESEARCH AND DEVELOPMENT AND QUALITY CONTROL**

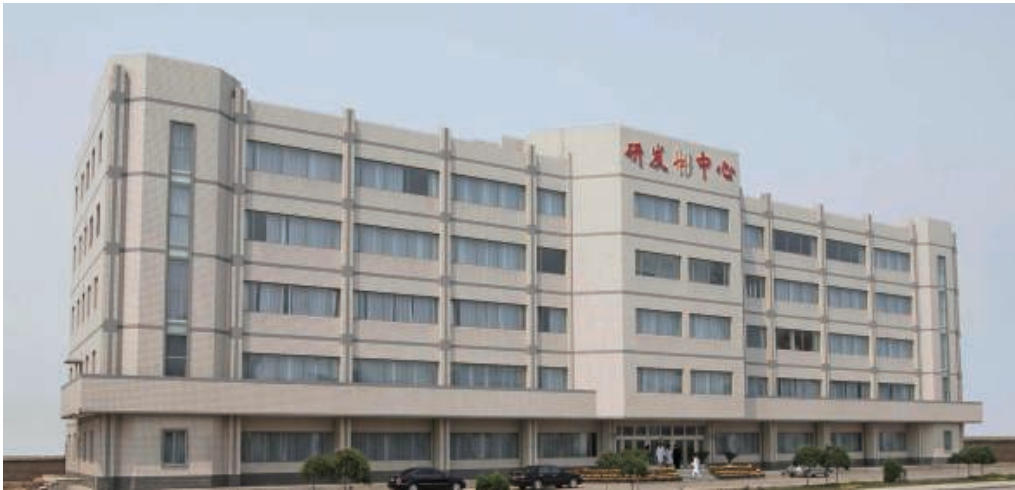
To improve our technologies and know-how and enhance our operating efficiency, we have established a research and development center, with designated teams focusing on the improvement of our manufacturing techniques, enhancement of our design and manufacture of dies, testing of the properties, functionality and composition of aluminum alloy, and expansion of our product range. We have an in-house die design team, which is responsible for creating customized product designs, allowing us to produce customized dies that are tailored to customers' specifications and quality standards. Our research and development team has developed new production technology and techniques for the production of certain highly purified aluminum alloy billets and specialized industrial aluminum extrusion products for our customers involving high-voltage electric transmission and transportation equipment. In

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In addition, we have collaborated with various research and academic institutions, including Xi'an Heavy Machinery Research Institute, First Aircraft Institute of AVIC-1 and Northeastern University of China, in the research and development of our products and the improvement to our manufacturing techniques. We have also purchased equipment and instruments from Shimadzu (Hong Kong) Ltd. and Carl Zeiss, Inc. for our research and development center. One of our research and development projects, namely the Technological Research on Engineered Extrusion of Large-section and Complicated-cross-section Aluminum Alloys Project (大斷面複雜截面鋁合金型材擠壓工程化技術研究項目), has been selected and included in the Eleven-Five National Technology Supporting Program on Advanced Aluminum-processing Technology Research and Development Project (十一五國家科技支撐計劃先進鋁加工技術研究開發項目), which is a part of the PRC National Technology Supporting Program (國家科技支撐計劃) aiming to enhance technological developments in the PRC. This research and development project of our Group is partially sponsored by national funds of the PRC government and we are required to report our progress directly to the Ministry of Science and Technology of the PRC (科學技術部). In addition, we have been invited to participate in the research and development of, and supply aluminum extrusion products for testing purposes to a PRC government sponsored aviation technology project designed to produce large-bodied aircrafts. Furthermore, we are currently expanding the scale of our die design facility, allowing us to design and produce customized dies for large-section and high precision aluminum extrusion products particularly for the transportation sectors.



Our quality control team monitors every stage of our production processes and ensures consistent product quality that meets our internal quality standards and policies, and our customers' stringent requirements. Our manufacturing facilities in Liaoyang have obtained ISO 9002 certifications and ISO 9001 certifications for our quality management system since 1997 and 2003, respectively, and ISO 14001 certification for our environment management system since 2003. The ISO certification process involves subjecting our manufacturing processes and quality management systems to annual reviews and observation for various periods. We believe this certification process provides independent verification to our customers regarding the quality control employed in our production processes. In addition, we have satisfied the requirements of the AQSIQ and have obtained a waiver certificate for our products from government quality inspection in China since December 2003. These certificates evidence that our quality management meets both domestic and international standards of quality assurance and attest to the superior quality of our products.

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In line with our business strategy to further enhance our research and development capability, our research and development expenses have increased gradually during the Track Record Period. Our total research and development expenses for the three years ended December 31, 2008 were approximately RMB4.3 million, RMB9.3 million and RMB17.0 million, respectively. During the Track Record Period, our research and development expenses increased significantly mainly due to increases in salaries paid to research and development employees, costs related to materials and inspection services required to carry out research and development projects, depreciation of research and development equipment and machinery, expenses related to the construction of our new sewage treatment system, utilities and administrative expenses incurred at our research and development center. Through our increase in research and development spending and continuous efforts, we have obtained new patents for the layout design of aluminum extrusion products, and designed and produced numerous customized dies and new aluminum extrusion products, such as railway cargo and passenger carriages, subway rails, vessels, power transmitters and construction curtain wall systems, which meet our customers' technical specifications and quality standards. In addition, we are in the process of designing and developing additional aluminum extrusion products with carbon fiber composite materials and other new alloy composition.

As of December 31, 2008, we had 253 research and development employees, which included 48 research and product development employees, 95 die design employees and 110 quality control employees, the majority of whom have undergraduate or higher degrees in the relevant fields.

### **INVENTORY MANAGEMENT**

We monitor and control our inventory levels of raw materials, work-in-progress and finished products to optimize our operations. We have inventory management procedures that monitor the planning and allocation of warehouse space and stock of raw materials and finished products to coordinate with delivery requirements and schedules. Our policy requires close coordination among our sales and marketing department, and raw materials procurement and storage teams. We closely supervise our daily production and maintain suitable inventory levels of raw materials and finished goods in all of our production facilities. Our inventory of raw materials primarily comprises aluminum ingots, and our policy is to store at least 45 days' supply of aluminum ingots. Since most of our products are customized, our inventory of finished products is primarily awaiting delivery pursuant to customer orders. For certain standardized construction aluminum extrusion products, we maintain a limited level of inventory of finished products to satisfy customers' demand, and we ship such standardized finished goods to our customers on a first-in, first-out basis.

We carry out physical stock counts to monitor our inventories, including inventory levels and inventory age. Spot checks are carried out on a monthly basis, and an overall stock count is carried out to identify damaged or obsolete inventory every six months. It is our policy to make allowance for inventory valuation and obsolescence losses if damaged or obsolete inventory is identified. In 2008, we recorded approximately RMB50.6 million in write-down of inventories mainly due to the recent decline in the market price of aluminum ingots, our principal raw material, resulting in the retail prices of certain of our standardized construction aluminum extrusion products being lower than their respective carrying costs of inventories.



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We have warehouses in Liaoyang for work-in-progress and finished products. In addition, we store our finished products, on a consignment basis, in certain of our sole distributors' warehousing facilities, which are located in close proximity to points-of-sale throughout China. Our consigned products are stored in separate warehouses at those distributors' warehousing facilities, allowing us to differentiate the goods sold to distributors with the goods stored at their warehousing facilities on consignment basis. It is our policy to conduct inventory checks at these locations by our own staff on a monthly basis for monthly variation and on a yearly basis for an overall check of the consigned products. These consigned inventory checks, as an integral part of our inventory management system, are conducted at the same time with inventory checks in our own warehouses.

### **TRANSPORTATION AND DELIVERY SYSTEM**

We rely on land and ocean transportation for delivery of products to our customers and distributors or to shipping ports designated by our customers and distributors, and shipment of raw material supplies to our production sites. We have established our own internal transportation and delivery infrastructure at our production sites in Liaoning. Our transportation and delivery infrastructure, comprising mainly our fleet of over 200 vehicles, enables us to ensure timely delivery of our products and raw materials to satisfy our customers' needs and production requirements with no interruption throughout the year. All of our vehicles are equipped with GPS satellite computerized navigation systems, allowing us to monitor and allocate our internal resources and optimize our delivery schedules. Our Directors believe that our transportation and delivery infrastructure enables us to achieve cost savings and to provide reliable and efficient services to our customers in a timely manner. As of December 31, 2008, our transportation department consisted of 389 employees. We also hire independent third-party vendors for the delivery of our products to customers and distributors.

### **INTELLECTUAL PROPERTY**

Our intellectual property rights are of fundamental importance to our businesses since we rely to a significant extent on customer recognition of our brand name.

As of the Latest Practicable Date, we had registered 17 trademarks, 176 patents and three domain names in China, Hong Kong and overseas. One of our trademarks has been registered with the World Intellectual Property Organization and is recognized in 16 countries throughout the world. Details of our registered intellectual property portfolio are provided in the section headed "Intellectual property rights of our Group" in Appendix VI to this prospectus.

We actively take steps to protect our intellectual property rights and implement a set of internal intellectual property management rules. Our intellectual property is uniformly managed by our legal department and employees in charge of new product development. Matters related to trademarks and patents are required to comply strictly with procedures as set out in our internal intellectual property management rules. However, infringement or misappropriation of our intellectual property rights could materially harm our business. We have not experienced any infringement of our intellectual property rights which had a material effect on our business as of the Latest Practicable Date.

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### COMPETITION

Due to the high levels of capital and technical know-how required in our industry, we believe that there are significant entry barriers to large-scale aluminum extrusion products manufacturing in China and worldwide. In addition, expertise in preparing dies and aluminum alloy billets and the techniques used in the extruding process are crucial steps in the manufacture of high quality aluminum extrusion products. As a result, the global aluminum extrusion industry is characterized by a limited number of large manufacturers with production capacity over 200,000 tons. Our products compete on the basis of product quality, brand recognition, customer service and price. Our Directors are of the view that our competitive advantages and strengths, including our recognized brand name, reliable product quality, and stable and diverse customer base, allow us to compete effectively in the aluminum extrusion industry.

### MAJOR AWARDS, CERTIFICATES AND MEMBERSHIPS

As of the Latest Practicable Date, we had been granted the following major awards, certificates and memberships:

<b>Award/Certificate/ Membership</b>	<b>Awarding/Issuing Organization</b>	<b>Date of Issue</b>	<b>Term of Validation</b>
State Sizable Enterprise	Six state ministries of the PRC	May 1995	N/A
Prestigious Product in Liaoning Province – aluminum profiles with “Zhongwang” brand	Economic and Trading Committee of Liaoning Province, PRC	April 1999	April 2002 <sup>(1)</sup>
Organizational Membership	China Nonferrous Metals Industry Association	April 2001	N/A
Enterprise Abiding By Contract and Being Trustworthy	SAIC	January 2003	N/A
Well-known Trademark in Liaoning Province – trademarks with “Zhongwang” brand	Industry and Commerce Administration of Liaoning Province, PRC	January 2003	N/A
Membership	Metals Service Center Institute	April 2003	N/A
Organizational Membership	China Nonferrous Metal Processing Industry Association	August 2003	N/A

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<b>Award/Certificate/ Membership</b>	<b>Awarding/Issuing Organization</b>	<b>Date of Issue</b>	<b>Term of Validation</b>
China Top Ten Aluminum Profile Enterprises in 2002	China Nonferrous Metal Processing Industry Association	August 2003	N/A
Aluminum alloy construction profile with "Zhongwang" brand – Certificate for Product Exemption from Quality Surveillance Inspection	AQSIQ	(i) December 2003	(i) December 2003 to December 2006
		(ii) December 2006	(ii) December 2006 to December 2009
China Well-known Trademark – trademarks with "Zhongwang" brand	SAIC	February 2004	N/A
Membership	American Fence Association	May 2004	N/A
Aluminum alloy construction profiles with "Zhongwang" brand – China Prestigious Product <sup>(1)</sup>	AQSIQ	(i) September 2004	(i) September 2004 to September 2007
		(ii) September 2007	(ii) September 2007 to September 2010
Membership	American Architectural Manufacturers Association	2005	N/A
Excellent Management Customer	The International Certificate Network/ China Certificate Center for Quality Mark Certification Group	September 2005	N/A
China Sizable Industrial Enterprise in 2006	China Statistics Bureau	August 2006	N/A

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<b>Award/Certificate/ Membership</b>	<b>Awarding/Issuing Organization</b>	<b>Date of Issue</b>	<b>Term of Validation</b>
Certificate of Product/Service Quality Management System – ISO9001:2000 Standard	The International Certificate Network/ China Certificate Center for Quality Mark Certification Group	August 2006	August 2006 to August 2009
Certificate of Environmental Management System – ISO14001:2000 Standard	The International Certificate Network/ China Certificate Center for Quality Mark Certification Group	August 2006	August 2006 to August 2009
The 365th enterprise of China Top 500 Sizable Enterprises in Terms of Revenue in 2005	Service Industry Investigation Center of China Statistics Bureau/ China Information Releasing Center for Industries and Enterprises	September 2006	N/A
License Certificate – Authorization to Use the Quality Sign “QUALICOAT”	QUALICOAT	September 2006	December 2009
Product Certificate for Fluorocarbon Coating Aluminum Profiles	China Certificate Center for Quality Mark Certification Group	November 2006	November 2006 to November 2009
Product Certificate for Anticathode Anodizing Bepainting Aluminum Profiles	China Certificate Center for Quality Mark Certification Group	November 2006	November 2006 to November 2009
Product Certificate for Powder Coating Aluminum Profiles	China Certificate Center for Quality Mark Certification Group	November 2006	November 2006 to November 2009
Product Certificate for Thermal-breaking Aluminum Profiles	China Certificate Center for Quality Mark Certification Group	November 2006	November 2006 to November 2009

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Award/Certificate/ Membership	Awarding/Issuing Organization	Date of Issue	Term of Validation
Product Certificate for Electrophoretic Coating Aluminum Profiles	China Certificate Center for Quality Mark Certification Group	November 2006	November 2006 to November 2009
Manufacturing License for Industrial Products	AQSIQ	September 2007	September 2007 to September 2012
Approval of Manufacturer Certificate	Det Norske Veritas <sup>(2)</sup>	September 2007	September 2007 to December 2011
Certificate of National Torch Program for Construction of Industrialized Extrusion of Large-section and Complicated-cross- section Aluminum Alloys Used for Transportation Fittings Project	Torch Hi-technical Industry Exploitation Centre of Ministry of Science and Technology	December 2007	N/A

(1) We did not apply for and renew the “Prestigious Product in Liaoning Province – Aluminum Profiles with ‘Zhongwang’ Brand” certificate from the Economic and Trading Committee of Liaoning Province when it expired in April 2002 because we were in the process of applying for a “China Prestigious Product” recognition from AQSIQ, the national governing body in China in charge of national quality, certification and accreditation, which we subsequently obtained in September 2004.

(2) For details, please refer to the relevant disclosures in the section headed “Our History and Corporate Structure.”

### ENVIRONMENTAL AND SAFETY REGULATIONS

We are subject to PRC national environmental laws and regulations and periodic inspection by local environmental protection authorities. We believe that our operations do not produce material levels of noise, industrial waste or other hazardous waste that violate the applicable environmental standards and measures in the PRC. We minimize noise pollution by the usage of isolation rooms, which have noise absorption solutions on their interior walls. Also, we have installed certain dedusting and desulphurization equipment for our smelting and casting production lines to minimize industrial waste. In addition, we recycle aluminum drosses and skims generated during the cutting of aluminum alloy billets and reuse them in the smelting process. Our operations, however, produce a significant amount of wastewater. To meet the criteria for wastewater discharge set by the environmental authority, we have a sewage treatment plant. Before being discharged, the wastewater produced in our operations must be treated in our sewage treatment plant. We are currently constructing a new sewage treatment system, which is expected to be completed in 2009. Upon the completion of such sewage treatment system, approximately 70% of the wastewater generated in our operations will be recycled for use in the production process.

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Our construction projects and existing plants are subject to relevant PRC environmental laws and regulations which mainly include but are not limited to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Environmental Impact Evaluation Law of the PRC (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection for Construction Projects (建設項目環境保護管理條例). According to relevant PRC environmental laws and regulations, the construction, renovation and extension of all aluminum-processing projects must comply with aspects of the environmental impact assessment system. An environmental impact evaluation of each project must be performed and an assessment report must be submitted to the relevant environmental protection authority for approval. Also, production activities may not begin until the project has been inspected and approved by the relevant environmental protection authority. Any failure to comply with such laws and regulations may result in the relevant environmental protection authority issuing orders to cease construction and implement measures to rectify the non-compliance. In circumstances where such rectification measures are not completed and/or production activities have begun prior to inspection and approval, the responsible entity may be fined between RMB50,000 and RMB200,000.

Zhongwang PRC failed to comply with some such requirements with respect to certain construction projects, including the construction project for our 125MN oil-driven dual action extrusion press. This was due to the gradual process of formation of the local environmental regulation framework, ambiguity in the interpretation and enforcement of applicable environmental laws and regulations and the resultant operational irregularities in our compliance with certain procedures prescribed by the relevant laws and regulations specified above. In accordance with the relevant PRC environmental laws and regulations set out above, the maximum penalty that could be imposed on Zhongwang PRC in respect of such non-compliance is a fine of RMB200,000.

We have taken rectification measures in connection with each such project to (i) inform the relevant environmental protection authority of our past non-compliance with applicable laws and regulations; (ii) conduct an environmental impact evaluation; (iii) submit an environmental impact assessment report to the relevant environmental protection authority for approval; and (iv) apply for a completion certificate after final inspection from the relevant environmental protection authority. We have received approval for each environmental impact assessment report that we retroactively filed. In addition, we have obtained completion certificates for all our construction projects from the relevant environmental protection authority. On May 8, 2008, Zhongwang PRC received a certificate and a confirmation letter from the Liaoyang City Environmental Protection Bureau (遼陽市環境保護局), which has the discretion with regard to whether any penalty should be imposed as a result of Zhongwang PRC's past non-compliance with applicable laws and regulations, confirming that (i) it will not take legal actions or impose any penalty or other punitive measures against Zhongwang PRC in connection with any historical non-compliance, and (ii) Zhongwang PRC has never been penalized or received any fines from the PRC environmental protection authority. For the foregoing reasons, we believe our past non-compliance with applicable PRC environmental laws and regulations will not have an adverse impact upon our business in the future, and, accordingly, we have not made any provision in respect thereof.

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According to the reports issued by the Liaoyang City Environmental Monitoring Station (遼陽市環境監測站), we have been in compliance with all applicable PRC environment laws and regulations with respect to discharge or emissions of pollutants for all of our operations over the past three years. As stated above, we have obtained all environmental permits or approvals necessary to conduct the business currently carried on by us at our existing manufacturing facilities. Other than the non-compliant situations disclosed above, our Directors confirm that we have been in compliance with all applicable PRC environmental laws and regulations during the Track Record Period.

We received a ISO14001 certification issued by China Quality Mark Certification Group Co., Ltd., a certifying body which is authorized by the Certification and Accreditation Administration of the PRC (中國國家認證認可監督管理委員會) to conduct certification activities, for meeting the required environmental protection control standards. In addition, we have strengthened our internal control system for environmental issues by (i) setting up a department dedicated to our environmental compliance including conducting regulatory procedures for our new construction projects and undertaking continuing environmental monitoring in the course of our normal operations, and (ii) maintaining environmental protection control standards meeting the requirements of the ISO 14001 standards.

We are subject to PRC safety laws and regulations, which set out the legal standards for health and safety measures with which our operations must comply. As our business expands and the complexity of our production operations increases, we regularly review and ensure that our occupational health and safety procedures and measures have developed to comply with all relevant legal standards. Since the establishment of our Company, we have adopted and implemented the following occupational health and safety procedures and measures for our business operations:

- (i) provide guidelines and tips on occupational safety, such as production safety measures and procedures for handling certain emergency situations, to all employees;
- (ii) establish a production safety management group, which is responsible for managing and implementing occupational health and safety practices at our facilities, under the supervision of a full-time production safety manager;
- (iii) inspect all equipment and facilities routinely, such as elevators, heavy lifting machines, pressure vessels and piping and boilers, and obtain safety inspection certificates from certified mechanical specialists;
- (iv) provide relevant training to all employees on a regular basis to increase safety awareness; and
- (v) purchase certain commercial safety insurance and accidental injury insurance for all employees.

As of the Latest Practicable Date, we had not been involved in any accident causing death or serious bodily injury in the course of our business operations.

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### PROPERTIES

As of February 28, 2009, we operated our businesses through 131 properties in the PRC for our production facilities, offices and other places of operations. These properties comprised: (i) the land use rights to eight parcels of land with a total site area of approximately 720,741.0 sq.m.; (ii) 114 buildings with a total gross floor area of approximately 260,562.9 sq.m.; (iii) eight buildings under construction with a total planned gross floor area of approximately 138,728.6 sq.m.; and (iv) one leased property with a gross floor area of approximately 162.0 sq.m.

We have obtained all the required land use rights and building ownership certificates for all our properties. We believe that our current properties will meet our future needs and are consistent with our business plans.

Please refer to the Property Valuation Report set forth in Appendix IV to this prospectus for further details of our properties.

### INSURANCE

We maintain insurance policies with insurance companies in China which cover our equipment, facilities, buildings and their improvements, and vehicles. These insurance policies cover losses arising from fire, lightning, explosion and aircraft accidents. Insurance coverage for our fixed assets in China amounted to approximately RMB2,221.0 million as of December 31, 2008. Currently, we do not maintain business interruption insurance or insurance relating to marine, air and inland transit risks for the export of our products. We have not made any material claims under our insurance policies and have not experienced any material business interruptions since our Group commenced operations.

### BILL FINANCING

#### Background

We have entered into credit agreements with approximately 12 domestic municipal, provincial and national commercial banks in China pursuant to which such banks (“endorsing banks”) agree to provide credit within stipulated limits with one-year term. The credit agreements generally include provisions relating to the limit, terms and types of credit facilities, including the issuance of bank acceptance notes (銀行承兌匯票), to be granted by the bank and the guarantees required for such credit facilities. Within the stipulated credit limits, we can issue bank acceptance notes to our suppliers as payments for our purchases. In order to issue such bank acceptance notes, we are typically required to enter into bank acceptance agreements (銀行承兌協議) with the endorsing banks, which require the presentation of the purchase contracts to support the issuance of such bank acceptance notes. The bank acceptance agreements generally include provisions relating to the terms of the bank acceptance notes, including payment terms and arrangements related to the required acceptance deposits. Under these agreements, we are generally required to make initial deposits with the endorsing banks in amounts of at least 50% of the face amount of the bank acceptance notes to be issued by us. These acceptance notes are due within three to six months. On or before the maturity date, we pay the remaining balance of the face amount of the bank acceptance notes to the endorsing banks. At any time prior to the maturity date, the bank acceptance notes may be presented, together with the related purchase contracts, by the relevant suppliers, which are Independent Third Parties, to PRC banks for discounting and payment. These relevant suppliers will obtain an amount equal to the face amount of the bank acceptance notes after deducting



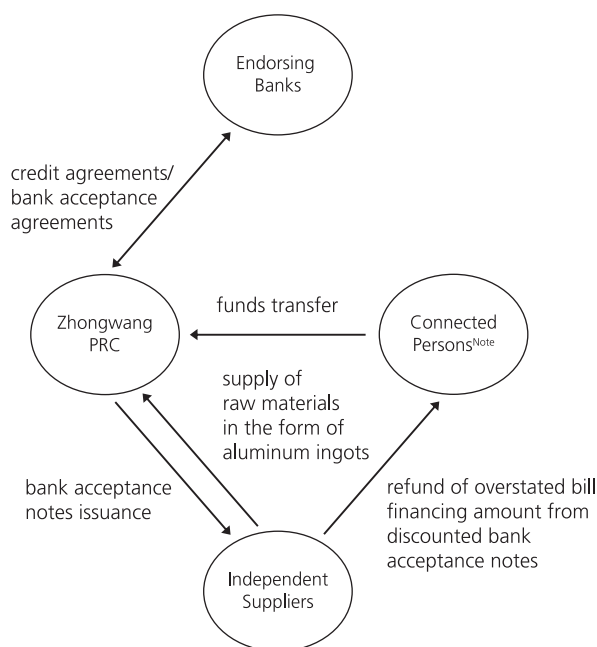
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discounted interest. At maturity, the bank acceptance notes may be presented to the endorsing banks for settlement. Our Directors have confirmed that all required initial deposits were maintained with the endorsing banks at all times in 2005, 2006, 2007 and 2008 and all remaining amounts of the bank acceptance notes issued by us during the same period were paid to the endorsing banks on or before their maturity dates.

As the discounted interest rates of bank acceptance notes are normally lower than the prevailing interest rates for short-term bank loans, to take advantage of these lower interest rates, we obtained funding for our business operations through issuing such bank acceptance notes (but within the credit limits stipulated by the endorsing banks and supported by the initial deposits made by us) in amounts that were greater than the actual amounts of our total purchases from the relevant suppliers (“overstated bill financing”).<sup>(1)</sup> Since the maximum face value of each bank acceptance note issued by us was RMB10 million, we would issue multiple bank acceptance notes to the relevant suppliers whereby (i) in respect of the amounts due to the relevant suppliers for actual purchases, the relevant suppliers would pay a cost to discount the respective bank acceptance notes prior to maturity if they choose to do so; and (ii) in respect of the overstated bill financing, we would pay for the cost to discount the respective bank acceptance notes earlier than maturity and would incur such cost as interest expenses in our financial statements during the relevant periods. The following flow chart sets forth the working mechanics of the overstated bill financing:



Note: Cheng Cheng and Hong Cheng, who acted as intermediaries for and on behalf of Zhongwang PRC.

(1) During the relevant periods, we estimated the maximum amounts to be purchased from the relevant independent suppliers and then entered into purchase contracts with such suppliers at amounts which exceeded our estimated maximum purchase amounts. The respective suppliers were willing to engage in the overstated bill financing arrangements based on their long-standing relationship with us and because such arrangements provided them with a higher level of cash flow and liquidity.

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We used the overstated bill financing arrangements to fund a significant portion of our business operations from January 2005 to November 2007,<sup>(1)</sup> and all bank acceptance notes involved in such overstated bill financing were fully settled in May 2008.

As part of our preparation for the Listing, we were advised by our PRC legal advisor, Commerce & Finance Law Offices, that the overstated bill financing conducted by us was not in compliance with the PRC Negotiable Instruments Law (中華人民共和國票據法) (in particular Article 10 which states that bank acceptance notes shall be issued on the basis of actual underlying transactions) and certain banking regulations promulgated by the PBOC, including the Measures for the Implementation of the Administration of Negotiable Instruments (票據管理實施辦法), the Measures for Payment and Settlement of Accounts (支付結算辦法) and the Notice of the People's Bank of China on Certain Improvements to the Negotiable Instruments Systems (中國人民銀行關於完善票據業務制度 有關問題的通知). The overstated bill financing was also not in compliance with the agreements with the endorsing banks. Since then, our Directors understood that the overstated bill financing constituted a breach of the relevant PRC laws and regulations and became fully aware of the consequences of the past non-compliant actions regarding the overstated bill financing. We ceased to conduct the overstated bill financing in November 2007 and fully settled all bank acceptance notes involved in the overstated bill financing in May 2008.

### Effects on our financial position

In 2005, 2006, 2007 and 2008, the aggregate amount of the bank acceptance notes issued by us, which related to such overstated bill financing, was approximately RMB5,179.6 million, RMB5,886.4 million, RMB2,847.0 million and nil, respectively, whereas the aggregate amount of related actual purchases (including VAT)<sup>(2)</sup> from the relevant suppliers was approximately RMB2,675.7 million, RMB1,570.6 million, RMB1,741.7 million and nil, respectively. As such, the amount of the overstated bill financing, being the difference between the aggregate amount of such bank acceptance notes issued and the aggregate amount of related actual purchases, was approximately RMB2,503.9 million, RMB4,315.8 million, RMB1,105.3 million and nil, respectively, during the same period. The funding for our business operations obtained from the banks through such overstated bill financing in 2005, 2006, 2007 and 2008 was estimated to be approximately RMB626.0 million, RMB1,078.9 million, RMB276.3 million and

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(1) The first credit agreement involving the overstated bill financing was entered into in October 2004, while the first bank acceptance note involving the overstated bill financing was issued in January 2005 pursuant to such credit agreement.

(2) The amounts of purchases reported to the relevant PRC tax bureau for VAT and Enterprise Income Tax (EIT) purposes, which are the same as the amounts included in our financial statements, reflect actual purchase amounts with valid VAT invoices. Deloitte Touche Tohmatsu CPA Ltd., our independent tax advisors, has advised that, from the VAT perspective and based upon the relevant PRC tax laws and regulations, the amounts of input VAT that have been paid on purchases of goods as stated and specified on the valid VAT invoices could be used as a credit against the output VAT levied on sales, given that purchase contracts entered into reflected amounts greater than what we actually purchased from the relevant suppliers. Since the overstated amounts of the overstated bill financing arrangements were not actual purchases and there were no purchase VAT invoices issued by the relevant suppliers, we would not have any input VAT available to credit against the output VAT levied on sales. As such, the overstated amounts of the overstated bill financing arrangement shall have no impact on our VAT input claim. With respect to EIT, as only actual purchases with valid VAT invoices were included in our cost of sales, the overstated amounts of the overstated bill financing arrangement shall have no impact on our EIT liability.

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nil, respectively.<sup>(3)</sup> As of December 31, 2005, 2006, 2007 and 2008, the year-end balance of the overstated bill financing was approximately RMB1,697.1 million, RMB1,241.1 million, RMB528.0 million and nil, respectively.

We had unutilized banking facilities of approximately RMB740.0 million, RMB1,100.0 million, RMB639.7 million and RMB1,389.4 million as of December 31, 2005, 2006, 2007 and 2008, respectively.<sup>(4)</sup> We maintained bank balances and cash and pledged bank deposits of approximately RMB3,155.8 million, RMB3,251.3 million, RMB3,959.7 million and RMB5,492.6 million, respectively, as of December 31, 2005, 2006, 2007 and 2008. In addition, we borrowed new bank loans of approximately RMB3,494.2 million, RMB4,078.1 million, RMB2,501.8 million and RMB3,354.1 million, respectively, in 2005, 2006, 2007 and 2008. We also issued short-term debentures with the aggregate principal value of RMB3,300.0 million in December 2006, April 2007, July 2008 and August 2008. Since the full settlement of all bank acceptance notes involved in the overstated bill financing arrangements in May 2008, we have demonstrated that we have sufficient funding to support our business operations for more than 11 months based on our operating income, adequate credit facilities and established relationships with PRC commercial banks and our ability to raise capital, such as through the issuance of short-term debentures. Based on the foregoing, our Directors consider that we would have had sufficient funding for our business operations in 2005, 2006, 2007 and 2008 assuming that there were no such overstated bill financing activities during the same period.

Our Directors have calculated the amount of additional finance costs (after tax) that would have been incurred by the Group had the funds obtained through discounting of bank acceptance notes been charged at the prevailing interest rates applicable to its normal bank borrowings (being the average interest rates charged on the Group's bank loans in 2005, 2006, 2007 and 2008) to be approximately RMB61.5 million, RMB73.5 million, RMB15.5 million and RMB5.6 million, respectively, in 2005, 2006, 2007 and 2008. Our Directors have calculated that the adjusted net profit of our Group during the same period would have been approximately RMB224.6 million, RMB477.9 million, RMB836.7 million and RMB1,904.8 million, respectively, had interest been charged as described above and calculated based on the finance costs incurred from discounted bills payable during the same period.

### **Involvement of the directors of Zhongwang PRC**

The relevant directors involved in the overstated bill financing arrangements were Mr. Liu, Ms. Chen Fuqing, Mr. Liu Yan, Mr. Li Changhai and Mr. Li Hua. From January 2005 to February 2008, the board of directors of Zhongwang PRC consisted of these five members only. Mr. Liu was an executive director of Zhongwang PRC, whereas Mr. Liu Yan, Mr. Li Changhai and Mr. Li Hua were non-executive directors of Zhongwang PRC and they did not participate in the

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(3) Since substantially all of the bank acceptance notes issued by us were due in six months and we normally deposited at least 50% of the face amount of such bank acceptance notes in the endorsing banks, the funding for our business operations obtained through overstated bill financing on an annual basis was estimated to be 25% of the amount of the overstated bill financing.

(4) The amount of the unutilized banking facilities represented the difference between the aggregate amount of granted credit limits available to our Group, including the credit limits provided by the endorsing banks under the credit agreements and credit limits provided by other banks, and the aggregate amount of utilized banking facilities during the relevant periods. If we had not been engaged in the overstated bill financing arrangements described above, the amount of banking facilities made available to us by the banks may have been different during that period.

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day-to-day management of our Group. The other director, Ms. Chen Fuqing, ceased to participate in the day-to-day management and operations of our Group since her retirement and resignation as an executive director of Zhongwang PRC in February 2005, and from which time she became a non-executive director of Zhongwang PRC. According to the requirement of the endorsing banks in connection with the issuance of bank acceptance notes, the directors of Zhongwang PRC, including the four non-executive directors, participated in the relevant board meetings for considering and approving the overstated bill financing arrangements. Each director of Zhongwang PRC had one vote on any matter to be considered and determined by the board of Zhongwang PRC.

### **Subsequent actions undertaken by us and our Directors**

In preparation for the Listing, we reviewed the composition of the board of directors of Zhongwang PRC, and considered the necessity for the inclusion of non-executive directors to the board of directors of Zhongwang PRC. In order to support our business expansion and development, and having taken into consideration that the non-executive directors of Zhongwang PRC did not participate in its day-to-day management and operations, all four former non-executive directors of Zhongwang PRC resigned on February 28, 2008 and were replaced by four new executive directors of Zhongwang PRC, who are Directors or members of the senior management of our Company, on the same day. As a result, four of the five directors of Zhongwang PRC involved in the overstated bill financing arrangements had ceased to be directors and left our Group since February 28, 2008.

Our Board consists of ten Directors, of which four Directors are independent non-executive Directors. Each of our Directors has relevant industry experience or legal or financial background. For the experience and qualifications of our Directors, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus. Furthermore, our Directors have received training covering matters related to, among other things, the legal implications arising from the overstated bill financing activities, internal controls system and corporate governance. All Directors have confirmed that they fully comprehend their obligations and duties to take rectifying measures and to prevent the overstated bill financing or other non-compliant activities from happening again in future. Our executive Directors have also undertaken that our Group will not engage in overstated bill financing or other non-compliant activities in the future. We have also taken a series of actions to address and rectify this issue.

### **Legal opinion from our PRC legal advisor**

To obtain an assessment of the potential legal implications of such overstated bill financing for us, our Directors and senior management, we have sought legal advice from our PRC legal advisor, Commerce & Finance Law Offices. On the basis that (i) the total amount of such overstated bill financing did not exceed the total credit limits granted by the relevant banks; (ii) our Directors and senior management were at all relevant times acting in the best interests of our Company; (iii) we paid all amounts due to the endorsing banks in full and on time; and (iv) all bank acceptance notes involved in the overstated bill financing were fully settled in May 2008, our PRC legal advisor has advised that (1) due to the fact that the relevant banks and third parties have not incurred any losses, we will not have any liability under any civil claims arising from such overstated bill financing, (2) our Directors and senior management will not be personally liable for any civil claims, and (3) there are no relevant PRC laws or regulations, nor are there any relevant rules promulgated by the PBOC or the China Banking Regulatory

Commission (中國銀行業監督管理委員會) (“CBRC”) imposing administrative or criminal liability in respect of such overstated bill financing. In particular, pursuant to Article 3 of the PRC Criminal Law (中華人民共和國刑法) and Article 4 of the PRC Administrative Penalty Law (中華人民共和國行政處罰法) describing the principles of “a legally prescribed punishment for a specified crime” and “administrative penalty decided by statutory regulations,” there is no legal basis for any PRC regulatory authority to impose administrative or criminal liability on us, our Directors or senior management in relation to the overstated bill financing. These legal opinions are consistent with the written confirmations we obtained from the relevant parties and government agencies as further discussed below.

### **Confirmations from relevant endorsing banks**

Since certain of our agreements with the endorsing banks involving bill financing provide that the issuance of bank acceptance notes should be made based on actual purchases and transactions, in July and August 2008 and January 2009, we met with the branch presidents and/or customer relation managers of the endorsing banks and subsequently obtained such banks’ written confirmations that in connection with our business activities with them prior to December 2007, (i) our payments to them related to bill financing were made in full and on time; (ii) we had not defrauded them; (iii) they did not incur any losses as a result of our business activities with them and (iv) they will not take any legal action against us, our Directors and senior management.

### **Confirmations from and consultation with relevant government agencies**

In July and August 2008, we, together with our PRC legal advisor, initiated meetings and consulted with the Shenyang branch of the PBOC, which is one of the nine branches of the PBOC in charge of Liaoning, Jilin and Heilongjiang provinces, and the Liaoning branch of the CBRC, which is the provincial authority of the CBRC, regarding our overstated bill financing. The PBOC is responsible for drafting the PRC Negotiable Instruments Law and other relevant laws and regulations, and the CBRC is the regulatory authority overseeing commercial banks and their operations in China. Our PRC legal advisor has advised that the PBOC and CBRC are the only two regulatory authorities who may determine whether there is any breach of PRC laws and regulations, or impose any liability in relation to the overstated bill financing. Since Zhongwang PRC was incorporated in Liaoning province, the Shenyang branch of the PBOC and the Liaoning branch of the CBRC are the two appropriate government agencies that we approached and consulted with regarding this matter. Notwithstanding the fact that such overstated bill financing was not in compliance with the Negotiable Instruments Law and relevant regulations of the PRC as disclosed above, on the basis that the overstated bill financing activities did not result in any loss to the relevant banks or any other third party, the relevant government agencies deemed the overstated bill financing to be an “immaterial breach of law.” Article 27(2) of the Administrative Penalty Law of the PRC states that “penalties may be waived for immaterial breaches of law that have been rectified promptly with no serious consequence caused.” Accordingly, the Liaoning branch of the CBRC confirmed in its written letter dated February 17, 2009 and the Shenyang branch of the PBOC confirmed in its written letter dated March 9, 2009 that they would not impose any administrative penalty or take any punitive or other measures against the parties involved in the overstated bill financing. These written confirmations represent the government agencies’ view and assessment of actions to be taken by them on issues related to the overstated bill financing. As of the date of this prospectus, we have not received any notice of formal investigation or inquiry regarding the overstated bill financing from these agencies.

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### **Strengthening our internal controls system and corporate governance measures**

In December 2007, we engaged Moores Rowland (Beijing) Certified Public Accountants (“Moores Rowland”), an independent internal controls advisor, to examine our overall internal controls system. We particularly asked Moores Rowland to examine our internal control policies and procedures in relation to our capital management. For details of the review conducted by Moores Rowland, please refer to the section headed “Business – Internal Controls” below.

Moores Rowland commenced its review of our internal controls system, including internal control policies and procedures over issuing, recording and management of bank acceptance notes, in January 2008. With the assistance of Moores Rowland, we formulated and approved a series of specific internal guidelines and corporate governance measures to ensure no similar incidents will occur in the future and that all future financings are properly supported by actual transactions, such as cross checking of each of the financing transactions against underlying contracts; separating the administrative duties of the issuance and approval of bank acceptance notes; preparing summaries of bank acceptance notes activities and reporting results to the audit committee on a monthly basis.

Since January 2008, Moores Rowland has been reviewing our internal control policies and procedures over issuing, recording and management of bank acceptance notes. In the reports issued by Moores Rowland to us on January 18, 2009 and March 18, 2009, Moores Rowland concluded that (i) it did not identify any operating ineffectiveness of internal controls over bank acceptance notes issued from January 1, 2008 to February 28, 2009 and (ii) it did not identify any bank acceptance notes issued by us from January 1, 2008 to February 28, 2009 which involved any overstated bill financing activities.

We have also adopted additional measures to strengthen our overall corporate governance practices. For details, please see the section headed “Business – Internal Controls” below.

To ensure compliance with all applicable laws and regulations, we intend to continue to engage Moores Rowland for at least the next 12 months after Listing to (i) conduct periodic verifications of our newly implemented internal control mechanisms and measures on a quarterly basis; and (ii) comprehensively examine and monitor our bank acceptance notes activities on a quarterly basis and provide its report of our internal controls to our audit committee. Our audit committee will also refer internal control matters related to compliance issues to our corporate governance committee.

### **Indemnity from Controlling Shareholder**

Our Controlling Shareholder has agreed to indemnify us against any losses, liabilities and expenses, if any, relating to any claim brought by the banks, regulatory authorities or any other third party in relation to the overstated bill financing.

### **INTERNAL CONTROLS**

With the objective of establishing and maintaining high standards of internal control over our operations and financial management, since March 2005 we have adopted a set of policies and procedures to promote the consistency and transparency of our operational and financial management with built-in checks and balances. We have also retained Moores Rowland to evaluate our internal controls and to provide recommendations on how we can further improve the effectiveness of our internal controls system. The responsible officers overseeing our internal controls system and the implementation of enhanced internal controls are Mr. Cheung Lap Kei, our chief financial officer, and Mr. Chen Yan, an executive Director. For details of their experiences and qualifications, please refer to the section headed “Directors, senior management and staff” in this prospectus.

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The scope of work conducted by Moores Rowland since its appointment in December 2007 includes reviewing our internal controls over financial reporting at both the entity level and process level, making recommendations to improve our existing internal controls system, conducting follow-up procedures and reviewing remedial measures we have implemented. Certain corporate governance measures including the role of the audit committee and the effectiveness of internal audit functions were also reviewed. Key business processes such as sales, procurement, inventory management, fixed assets and financial reporting were selected for review.

In addition, Moores Rowland conducted interviews with personnel in charge of each of our business units, performed walkthrough check of control points and reviewed our procedural manuals.

Based on its review, Moores Rowland identified certain deficiencies in the design of our internal controls system, such as the entity level control, process level control and information technology general control. Moores Rowland has advised that such deficiencies, if not rectified, would have an impact on the clear segregation of duties, governance accountability and transparency, timely risk assessment and steady operation of our information system. Moores Rowland also provided us recommendations to rectify these control deficiencies in February 2008. We have commenced implementation of various measures since March 2008 based on Moores Rowland's recommendations and have rectified all of the deficiencies identified after independent evaluation by Moores Rowland. The following is a summary of the deficiencies identified by Moores Rowland, recommended rectifying measures and the status of rectification work performed by us:

<b>Key findings</b>	<b>Rectifying measures</b>	<b>Status of rectification work</b>
Insufficient governance structure	<ul style="list-style-type: none"> <li>• To improve our board composition with appointments of executive Directors and non-executive Directors</li> <li>• To establish sub-committees of the board to deal with matters on financial reporting and internal control, remuneration of Directors and corporate governance</li> <li>• To appoint joint company secretaries to assist in handling legal and regulatory compliance matters</li> </ul>	<ul style="list-style-type: none"> <li>• Completed in August 2008</li> <li>• The audit committee, the strategy and development committee and the remuneration committee were all established in August 2008 and the corporate governance committee was established in February 2009</li> <li>• Completed in December 2008</li> </ul>

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<b>Key findings</b>	<b>Rectifying measures</b>	<b>Status of rectification work</b>
Lack of an efficient organizational structure	<ul style="list-style-type: none"> <li>To adjust the organizational structure to match with our corporate development and internal control strategy</li> </ul>	<ul style="list-style-type: none"> <li>Completed in August 2008</li> </ul>
Insufficient self-assessment system	<ul style="list-style-type: none"> <li>To set up a systematic self-assessment mechanism (including setting up policies and procedures to support our existing internal audit function and to obtain assistance from external advisors) and perform self-assessment on an annual basis (except for our assessment on internal control over bank acceptance notes activities which is performed on a quarterly basis)</li> </ul>	<ul style="list-style-type: none"> <li>Completed in August 2008</li> </ul>
Lack of a set of centralized policies relating to information system	<ul style="list-style-type: none"> <li>To adjust the structure of the information system organizations, clarify and redefine their roles and responsibilities, and improve the relevant policies</li> </ul>	<ul style="list-style-type: none"> <li>Completed in August 2008</li> </ul>
Lack of formal authorization approval in some key review or control points (such as review of monthly sales report, cash forecast statement and budget variance analysis)	<ul style="list-style-type: none"> <li>To establish a formal written authorization approval process and documentation policies</li> </ul>	<ul style="list-style-type: none"> <li>Completed in August 2008</li> </ul>
Lack of a systematic risk assessment process	<ul style="list-style-type: none"> <li>To establish a formal corporate risk assessment process led by our internal audit department</li> </ul>	<ul style="list-style-type: none"> <li>Completed in December 2008</li> </ul>
Lack of timely and comprehensive policies and procedures in the key business areas (such as inventory management, information system and performance measurement system)	<ul style="list-style-type: none"> <li>To revise, supplement and consummate the respective policies and procedures in the key business areas</li> </ul>	<ul style="list-style-type: none"> <li>Completed in December 2008</li> </ul>



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Based on Moores Rowland's independent due diligence review, verification and testing, and as disclosed in its follow-up summary report of internal controls dated January 18, 2009 and summary report on testing of internal controls dated March 18, 2009, Moores Rowland has concluded that all of the above material internal controls have been in place properly before December 31, 2008. In addition, Moores Rowland did not identify any material operating ineffectiveness of our internal controls during the period from January 1, 2009 to February 28, 2009. Such reports have also been reviewed by our audit committee and corporate governance committee.

We recognize the importance of incorporating elements of good corporate governance in the management and internal control procedures of our Group so as to achieve effective accountability. We established an audit committee, a remuneration committee and a strategy and development committee in August 2008. Since their establishment, our audit committee has reviewed our accounting policy, financial position and financial reporting procedures, our remuneration committee has reviewed the remuneration (including bonuses and other compensation) payable to our Directors and other senior management members, and our strategy and development committee has reviewed the development plans of our Group.

To monitor the implementation of our corporate governance policies and procedures, we have also established (i) a corporate governance committee which is responsible to oversee corporate governance matters within our Group, including the review of internal control over compliance matters; and (ii) an internal audit department which is responsible to audit and examine the activities of our finance department and to ensure the accuracy and integrity of our business activities. Our corporate governance committee consists of three members and all of them are independent non-executive Directors. Since its establishment, our corporate governance committee has reviewed our corporate governance policies. The head of internal audit department of our Company will regularly report internal control related matters (including our financing arrangements) to our audit committee, which will in turn report its findings to our Board. Our audit committee will also refer internal control matters related to compliance issues to our corporate governance committee. In addition, the head of legal department of our Company will regularly report legal compliance matters to our corporate governance committee. Our corporate governance committee will report its findings on corporate governance and legal compliance matters to our Board. In the event that our corporate governance committee or our audit committee becomes aware of and reports any deficiency on the corporate governance/internal control/legal compliance matters to our Board, we will take appropriate actions promptly to address and/or rectify such deficiency. For details of the duties and responsibilities of our Board committees, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus.

We have also retained Shenying Wanguo Capital (H.K.) Limited, as our compliance advisor, to assist us with all compliance matters and issues related to the Hong Kong Listing Rules. We have adopted and will continue to adopt the following additional measures after Listing:

- engage Moores Rowland to comprehensively review our bank acceptance notes activities on a quarterly basis for at least the next 12 months after Listing and until our independent non-executive Directors determine otherwise;

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## BUSINESS

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- engage Moores Rowland to review and test the effectiveness of our material internal control measures, including newly implemented internal control mechanisms and measures, on a quarterly basis for at least the next 12 months after Listing and until our independent non-executive Directors determine otherwise;
- provide reports of internal controls prepared by Moores Rowland to our audit committee for their review on a continuous basis for at least the next 12 months after Listing. Our audit committee will also refer internal control matters related to compliance issues to our corporate governance committee; and
- review our internal controls system by our audit committee on a continuous basis after Listing.

We plan to continue to provide training to all relevant staff members on risk management and implementation of new policies and procedures in key business areas. Such training will be primarily provided by senior members of our accounting and internal audit departments, including Mr. Cheung Lap Kei, our chief financial officer, as well as our independent internal controls advisor, legal advisor and compliance advisor. Our senior management will set up the training plan and conduct training to all relevant staff members on a continuous basis, while our independent internal controls advisor, legal advisor and compliance advisor will conduct training to our staff members on a quarterly basis. The training to be provided by our independent internal controls advisor will mainly focus on the continuous improvement on our internal controls. The training to be provided by our legal advisor will mainly focus on the rectifying measures taken related to and the continuous improvement on legal compliance matters. The training to be provided by our compliance advisor will primarily focus on compliance matters and issues related to the Hong Kong Listing Rules. In addition, all training to be provided by our independent advisors will include topics related to risk awareness and risk identification. We intend to disclose results of our internal control review, findings and recommendations by Moores Rowland and related rectifications made by us in our interim and annual reports after Listing.

Our Directors, Mr. Liu, Mr. Chen Yan, Ms. Zhong Hong, Mr. Gou Xihui and Mr. Wen Xianjun, all of whom with relevant industry experience, and Mr. Lu, Mr. Ma Xiaowei, Mr. Wong Chun Wa, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy, all of whom with relevant legal or financial background, will assess the adequacy and effectiveness of our internal controls system based on the reports of the Board committees. For the experience and qualifications of our Directors and members of the Board committees, please see the section headed "Directors, Senior Management and Staff" in this prospectus.

### LEGAL PROCEEDINGS

As of the Latest Practicable Date, we were not a party to any material arbitration, litigation or administrative proceedings which could be expected to have a material adverse effect on our business or results of operations. We are not aware of any pending or threatened arbitration, litigation or administrative proceedings against us. We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business.

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## REGULATIONS

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### OVERVIEW

The laws and regulations governing the production and sale of aluminum extrusion products in the PRC include, among others, the Conditions for Entry into the Aluminum Industry (鋁行業準入條件) (the “Regulation on Entry Conditions”); the Regulations of the PRC on the Administration of Production Licenses for Industrial Products (中華人民共和國工業產品生產許可證管理條例) (the “Production License Regulations”); the Implementing Measures for the Regulation of the PRC on the Administration of Production Licenses for Industrial Products (中華人民共和國工業產品生產許可證管理條例實施辦法) (the “Implementing Measures”); the Standardization Law of the PRC (中華人民共和國標準化法) (the “Standardization Law”); the Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the “Environmental Protection Law”); and the Energy Saving Law of the PRC (中華人民共和國節約能源法) (the “Energy Saving Law”). A summary of the important provisions of the aforesaid laws and regulations relating to the aluminum extrusion industry is set out below.

### Entry Conditions

The Regulation on Entry Conditions was promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員) and came into force on October 29, 2007. The Regulation on Entry Conditions applies to all enterprises involved in bauxite mining, aluminum smelting and aluminum processing in the PRC (except Hong Kong, Macau and Taiwan). It sets out certain conditions that must be satisfied by any enterprise desiring to enter into the aluminum industry, including, among others, conditions with respect to the enterprise’s scale of operation, technical processes, facilities, consumption and comprehensive usage of energy and resources, environmental protection and safe production.

The production of aluminum profiles is a form of aluminum-processing. In accordance with the Regulation on Entry Conditions, newly built aluminum-processing projects must be principally engaged in the production of the following products: aluminum planks, aluminum strips, aluminum foils, extruded aluminum or industrial profiles. The annual production capacity of multiple product comprehensive aluminum-processing projects should be 100,000 tons or more, and the annual production capacity for single product projects must reach the following amounts: 50,000 tons per year for the production of aluminum planks and strips; 30,000 tons per year for the production of aluminum foils; and 50,000 tons per year for the production of extruded aluminum. With respect to production techniques, newly-built aluminum-processing projects must employ continuous processing techniques such as continuous roll-casting and hot rolling. Such techniques embody high levels of efficiency and automation, advanced technology, good product quality and high comprehensive yield rates. The use of processes, such as “the dance duet,” made by rolling machine production is strictly prohibited.

With respect to the production capacity and technical processes, the Regulation on Entry Conditions is only applicable to newly-built and renovated aluminum processing projects that came into operation after the promulgation of the Regulation on Entry Conditions on October 29, 2007. From October 29, 2007 to the Latest Practicable Date, we have not implemented any projects involving newly-built or renovated plants. We have confirmed that any such projects in future will be completed in accordance with the Regulation on Entry Conditions.

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## REGULATIONS

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### **Production Licenses for Industrial Products**

The Production License Regulations were promulgated by the State Council on July 9, 2005 and came into force on September 1, 2005. The Production License Regulations implement a production licensing regime in respect of enterprises involved in the manufacture of major industrial products, including aluminum alloy profiles used in construction. However, the production of our Company's industrial aluminum extrusion products is not subject to the Production License Regulations. Before obtaining a production license, no enterprise may produce any product that is listed in the index of industrial products to which the licensing regime is applicable. Furthermore, no entity or individual may sell or, in the course of business, use any product which is listed in such index but produced without a production license.

The Implementing Measures were promulgated by the AQSIQ on September 15, 2005 and came into force on November 1, 2005. The Implementing Measures set out detailed rules for the production licensing regime for enterprises.

We have obtained the requisite license for the production of aluminum alloy profiles for use in construction in accordance with the Production License Regulations and the Implementing Measures.

### **Production Standardization**

The Standardization Law, which came into effect on April 1, 1989, establishes the legal framework upon which national standards are developed and applied to various businesses and industries in the PRC. Standard GB5237-2004 (Construction Aluminum Alloy Profiles) is a compulsory national production standard as determined by the Standardization Law Administration Authority under the State Council.

The production, sale or import of any product that does not conform to compulsory standards shall be handled by the relevant administrative authorities in accordance with the Standardization Law. Where the Standardization Law is silent on such handling, the local Administration of Industry and Commerce may confiscate the products and any illegal income derived therefrom and impose a fine. In circumstances where serious consequences are incurred and criminal offense is constituted, the liabilities for responsible personnel may be investigated and established in accordance with law.

According to the Standardization Law, the main standards in relation to the production of aluminum alloy profiles are as follows:

#### *Standard GB5237-2004 (Construction Aluminum Alloy Profiles)*

The national standard GB5237-2004, which came into force on March 1, 2005, sets out the compulsory regulations related to the basic materials, surface processing and thermal conductivity of aluminum alloy profiles used in construction, and prohibits the production and sale of products that fall short of the compulsory standard.

#### *Standard GB/T6892-2006 (General Industrial Aluminum and Industrial Aluminum Alloy Profiles)*

The national standard GB/T6892-2006 is a recommended standard that came into force on February 1, 2007. It sets out the requirements for, and the examination methods and inspection rules related to, general industrial aluminum and industrial aluminum alloy profiles in respect of marks, packaging, transportation, storage and contractual contents of relevant products.

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## REGULATIONS

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As of the Latest Practicable Date, we were in compliance with the foregoing and other relevant applicable national standards.

### **Environmental Protection**

The Environmental Protection Law, which was promulgated and came into force in 1989, aims to protect and improve the environment, prevent and reduce pollution and other public hazards, and safeguard human health. The State Environment Protection Administration of China (中國國家環境保護總局), currently renamed as the Ministry of Environment Protection of China (中華人民共和國環境保護部), is responsible for the overall supervision and administration of environmental protection work in the PRC and formulates national standards for pollutants and waste materials discharged in the PRC.

According to the Environmental Protection Law, where the construction of a project may cause any pollution to the environment, an environmental impact evaluation must be performed to determine the preventive and remedial measures to be adopted, and the relevant environmental protection administration approval shall be obtained. Enterprises discharging pollutants must register with relevant environmental protection administration departments. Enterprises discharging pollutants in excess of the standards set by the State Environment Protection Administration of China shall be responsible for paying a sewage discharge fee for exceeding the standard and the cost of eliminating the pollutants.

Depending upon the circumstances and the extent of the pollution, the relevant environmental protection administration departments may impose various types of penalties on persons or enterprises who are in violation of the Environmental Protection Law. Penalties include issuance of a warning notice; imposition of a fine; determination of a time limit for rectification; issuance of an order to reinstall and resume operation of environmental protection facilities which have been dismantled or left unused; issuance of an order to suspend production or to suspend and close the business; imposition of administrative sanctions or investigation and establishment of criminal liabilities against the personnel in charge. In addition, in cases where the pollution causes damage to others, civil indemnification to victims shall be required.

According to the Environmental Protection Law and other relevant laws and regulations, the construction, renovation and extension of all aluminum-processing projects must strictly conform to all aspects of the environmental impact assessment system. Production and sales activities may only be conducted after the relevant project has been inspected and approved and the requisite Permit for the Discharge of Pollutants has been issued.

In addition, in the production and operation process, aluminum-processing enterprises must comply with the following laws and regulations related to environmental protection: the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法); the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法); the Law of the PRC on the Prevention and Control of Pollution from Solid Wastes (中華人民共和國固體廢物污染環境防治法); the Law of the PRC on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法); the Water Law of the PRC (中華人民共和國水法); and the Provisional Measures on Administration of License for the Discharge of Water Pollutants (水污染排放許可證管理暫行辦法).

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## REGULATIONS

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In accordance with the requirements of relevant laws and regulations on environment protection, we have adopted advanced technologies and equipment to prevent and reduce pollution. All of our construction and extension projects comply with the relevant environmental impact assessment procedures for construction projects and have undergone inspection and have been approved by the relevant environmental protection authorities. We have reported to and registered with the relevant environmental protection administration departments for pollutants discharge and have obtained the Permit for the Discharge of Pollutants. In the course of production and operation, we have invited the environmental inspection division of Liaoyang City to periodically supervise and inspect the sewage and noise pollution produced by the factory, as well as the smoke and gases discharged from the boilers and oil burners. The discharge of each form of pollutant has complied with the relevant national standards. As of the Latest Practicable Date, we have never received an administrative penalty for breaching environmental protection laws and regulations.

### **Energy Saving**

The Energy Saving Law was revised on October 27, 2007 and came into effect on April 1, 2008. The Energy Saving Law implements an energy saving appraisal and examination system with respect to fixed asset investment projects in the PRC. In cases where a particular project fails to comply with the compulsory energy saving standards, the authorities in charge of the examination and approval or verification of projects shall not approve or certify the construction; the construction unit shall not begin construction on the project; or if completed, the completed construction project shall be prohibited from commencing production or use. The Energy Saving Law also implements a compulsory retirement system for superseded or outdated products, facilities and production techniques that consume excessive amounts of energy.

According to relevant laws and regulations, aluminum-processing materials for newly-built aluminum processing projects must have a combined energy consumption of less than 350 kg/ton coal equivalent, and a combined electricity consumption of less than 1,150 kilowatt-hours per ton. Combined energy consumption in aluminum processing materials of existing projects must not exceed 410 kg/ton coal equivalent and combined electricity consumption must be less than 1,250 kilowatt-hours per ton. Existing enterprises must achieve the energy consumption levels of a newly incorporated enterprise by the end of the Eleventh Five-Year Plan (i.e., 2010) through technology reform.

As of the Latest Practicable Date, the combined energy consumption for our production of aluminum extrusion products was 274.3 kilogram standard coal/ton, which meets the energy consumption level of a newly incorporated enterprise.

### **Export Related Taxes**

According to notices promulgated by the Ministry of Finance of China (中華人民共和國財政部) and the State Administration of Tax of China (中華人民共和國國家稅務總局) in 2006 and 2007 relating to the adjustment of tax rebates for exported products, the PRC government gradually reduced and in some cases discontinued VAT rebates on exports of some low value-added aluminum products (such as un-forged aluminum, non-alloy aluminum profiles and some aluminum alloy profiles), which we produce in limited quantity to satisfy certain customers' requests.

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According to the Notice on the Adjustment of Provisional Duty on Certain Import and Export Products (關於調整部份商品進出口暫定稅率的通知) promulgated by the Customs Tariff Commission of the State Council of China (中華人民共和國國務院關稅稅則委員會) in 2006, exports of nonferrous metal raw products, including electrolytic aluminum, have been subject to customs duty at the rate of 15% since November 1, 2006.

The foregoing adjustment of State policy on tax rebates for exported products has had an effect on our products, resulting in the cancellation of the rebate on export for some of our products according to the relevant provisions. As of the Latest Practicable Date, we were not subject to the 15% export duty imposed on aluminum raw products by the PRC government.

### **Past Non-Compliance with PRC Laws and Regulations**

All of our Group's operations are in China. Our Group is required to conduct its business in compliance with PRC laws and regulations. Save as disclosed below and elsewhere in this prospectus, we were in compliance with all relevant PRC laws and regulations during the Track Record Period.

#### *Bill Financing*

In the past, our Group entered into certain bill financing arrangements which were not in compliance with relevant PRC laws and regulations. See the section headed "Business – Bill Financing."

#### *Registered Capital of Zhongwang PRC*

There have been seven occasions where former shareholders of Zhongwang PRC failed to make the required contributions for increases in registered capital of Zhongwang PRC on schedule pursuant to approvals obtained from the relevant authorities and the resolutions passed by the board of Zhongwang PRC. Vily Won, Kong Lung and Liaoyang Factory, all being the said former shareholders of Zhongwang PRC (whose interest in Zhongwang PRC was directly or indirectly beneficially owned by Mr. Liu, our Controlling Shareholder), were unable to make their respective contributions due to cashflow difficulties arising from financial commitments related to other business concerns not connected to Zhongwang PRC.<sup>(1)</sup> The timely contribution by relevant shareholders of the increase in registered capital was also impeded by delays in the delivery by the manufacturers of certain equipment and the late issue of the property rights certificate in respect of factory premises, both of which formed part of the relevant contributions. Vily Won and Liaoyang Factory subsequently paid in full their respective contributions to the registered capital in July 2003 and April 2004, respectively. In May 2007, Zhongwang PRC increased its registered capital to US\$140 million. Kong Lung and Liaoyang Factory failed to contribute their respective portions of the required minimum amount, which was 20%, of the registered capital increase prior to Zhongwang PRC obtaining its business license, as our Company was considering the feasibility of the overall reorganization plan for our Group as well as the time required for the requisite approvals. When ZCIL (HK) acquired 100% equity interest in Zhongwang PRC in May 2008, ZCIL (HK) assumed the full obligation and responsibility to pay the outstanding registered capital from the former shareholders of Zhongwang PRC.

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(1) Prior to April 28, 2003, Mr. Liu through Vily Won held 40% of Zhongwang PRC's registered capital, which was transferred to Kong Lung on April 28, 2003. Before the said transfer, Vily Won held the said 40% interest on trust for Mr. Liu and had on occasions failed to make the required capital contribution for the increase in the registered capital of Zhongwang PRC on schedule. After the said transfer, Vily Won had ceased to be a connected person.

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According to applicable PRC laws and regulations, if the shareholders of a foreign-invested enterprise fail to make registered capital contributions in full and on schedule pursuant to approvals obtained from the relevant PRC authorities and the resolutions passed by the board of the foreign-invested enterprise, then the relevant branch of the Administration of Industry and Commerce may, in conjunction with the original approval authority, issue a notice to the shareholders demanding payments of registered capital and stipulating a time limit for such payments. If payments are not made in full on or prior to the stipulated time limit, then, as maximum potential liability for such non-compliance, the original approval authority has the power to revoke the certificate of approval previously issued.

We have obtained no-action letters from Liaoyang Committee of Foreign Economic and Trade (遼陽市對外經濟貿易委員會), being the original approval authority, and Liaoyang Administration of Industry and Commerce (遼陽市工商行政管理局), being the registration authority, on May 8, 2008, stating that they would not take any actions with respect to the delayed payments of registered capital prior to 2004. In addition, on August 11, 2008, Liaoning Provincial Bureau of Foreign Trade and Economic Cooperation Committee (遼寧省對外貿易經濟合作廳) approved an extension of time for ZCIL (HK) to pay the requisite contribution of 20% of the registered capital increase of Zhongwang PRC. Based on previous discussions with local authorities, the Directors believe that the grant of extension was mainly due to the Liaoning provincial government's support of local businesses, such as Zhongwang PRC, which contribute to the success of the economic development of the region by creating job opportunities in the community. The following day, on August 12, 2008, ZCIL (HK) contributed US\$18.5 million, representing 20% of the outstanding contributions in registered capital of Zhongwang PRC due at that time. According to the relevant PRC laws and regulations, the remaining outstanding registered capital contributions of approximately US\$74.2 million must be paid on or prior to May 14, 2009.

Our PRC legal advisor, Commerce & Finance Law Offices, is of the opinion that the failure of Zhongwang PRC's shareholders to make registered capital contributions within the stipulated time limit will neither jeopardize nor have any detrimental effect on the lawful standing and operational qualifications of Zhongwang PRC since its business license and certificate of approval previously issued have not been revoked and remain valid. In addition, the relevant PRC authorities confirmed that they would not take any action with respect to such non-compliance. As of August 2008, there was no outstanding amount of registered capital for which payment was overdue, and the remaining outstanding amount will not become due until May 2009. Based on the foregoing, our Directors believe that the Group's financial position will not be affected, and accordingly we have not made any provision in our financial statements with respect to this non-compliance.



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### *Social Security and Housing Provident Fund Contributions*

Due to differences in local regulations, inconsistent implementation or interpretation by local authorities in the PRC, different levels of acceptance of the social security system by employees, as well as insufficient knowledge on our part of the social security system, since 1998 we have not paid, or have not been able to pay, certain social security contributions and housing provident fund contributions for and on behalf of our employees in the following instances:

- Some employees were, prior to joining us, laid off from state-owned enterprises (國有企業下崗再就業人員) (“former SOE workers”). Our PRC legal advisor, Commerce & Finance Law Offices, has advised us that according to relevant laws and regulations, in the case that contributions of these former SOE workers are paid by their original state-owned enterprise employer, it is not necessary for us to pay their contributions. In addition, “double payment” of contributions is not permitted under the relevant PRC government policies.
- Some employees are from rural areas outside of Liaoyang City (“rural workers”) and their residence registrations are with the villages from which they came. The relevant local government authorities have different policies regarding social security contribution schemes for rural workers, who migrate from place to place, which place hardship on rural workers to transfer their social security registrations to other localities and continue their social security contributions (including recognizing contributions already made under previous registrations). Some of these rural workers are reluctant to participate in social security contribution schemes on the basis that the financial burden of participation outweighs the corresponding benefits, primarily because contributions of pension funds, medical insurance and unemployment insurance are required to be paid by employees as well as employers, and their inability to transfer contributions previously made by them. We estimate that during the Track Record Period approximately 1,125, 628 and 519 workers fell into this category (which accounted for 43.0%, 22.7% and 20.6% of all full-time employees of our Group during the Track Record Period, respectively), representing a total deficit in social security contributions of approximately RMB3.4 million, RMB2.5 million and RMB2.3 million, respectively.
- In relation to temporary employees and new employees who are still under probation, due to the short-term nature of their employment and the high turnover of employees in these categories, it has been difficult in practice to make contributions for these employees. In order to address the effect of the unstable nature of temporary employees’ employment, we may temporarily suspend payment of social security contributions for employees who are on probation. If an employee is retained after the probation period, we will register for social security and back-pay the requisite contributions for the probation period. We estimate that during the Track Record Period approximately 335, 177 and 137 workers fell into this category (which accounted for 12.8%, 6.4% and 5.4% of all full-time employees of our Group during the Track Record Period, respectively), representing a total deficit in social security contributions of approximately RMB1.0 million, RMB0.7 million and RMB0.6 million, respectively.

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- We have not been able to pay housing provident fund contributions for our employees in circumstances where employees have not been willing to make corresponding contributions. Such employee contributions would typically represent a cash payment by the employees of between five to 12 percent of their income. In this connection, our collection procedures and policies in respect of such contribution were also inadequate. We estimate that during the Track Record Period approximately 2,618, 2,767 and 2,516 workers fell into this category (which accounted for 100% of all full-time employees of our Group during the Track Record Period), representing a total deficit in housing provident fund contributions of approximately RMB1.8 million, RMB2.1 million and RMB1.4 million, respectively.

As detailed above, our PRC legal advisor, Commerce & Finance Law Offices, has advised us that we are not in violation of PRC laws and regulations for not paying social security contributions for former SOE workers whose contributions are paid by their former employer. However, we were not in compliance with the applicable PRC laws and regulations for the other three situations mentioned above.

In accordance with applicable laws and regulations, throughout the term of an employee's employment, both employers and employees are under an obligation to make contributions to social security and housing provident funds based on a specified ratio. Employers may not unilaterally pay their portion of the contribution to the relevant authority in circumstances where an employee's portion of the contribution has not been paid.

According to our PRC legal advisor, Commerce & Finance Law Offices, employers who fail to withhold and pay their portion of social security contributions may be notified by the relevant authority to rectify the problem and pay the outstanding contributions within a stipulated deadline. In the case that payment is still not made by the deadline, the relevant authority may charge a late payment fee of 0.2% of the cumulative outstanding amount per day, calculated from the date the relevant social security contribution amount became overdue until the date that full payment is made, and may fine the responsible person or persons up to a maximum of RMB10,000 in total. Employers who fail to withhold and pay their portion of housing provident fund contributions may be notified by the local housing fund administration authorities to register with the authority and ordered to pay any outstanding contributions into a designated account for the benefit of employees. In the case that registration and payment is not made in accordance with any such notice, a fine of up to a maximum of RMB50,000 in total may be imposed upon the employer.

We obtained signed confirmation letters dated May 8, 2008 and January 7, 2009 from the Liaoyang Social Security Bureau (遼陽社會保險事業管理局) and a signed confirmation letter dated January 7, 2009 from the Liaoyang Housing Fund Administration Center (遼陽市住房公積金管理中心), confirming that no rectification notice has been or will be issued to, and no penalty has been or will be imposed on, Zhongwang PRC in respect of any past non-payment of social security or housing provident fund contributions.

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We completed registration applications for the payment of social security and housing provident fund contributions at the Liaoyang Social Security Bureau and the Liaoyang Housing Provident Fund Administration Center on December 8, 2008 and December 26, 2008, respectively. Notwithstanding that our registration applications included a request to complete payment for prior unpaid contributions, according to the signed confirmation letters from the Liaoyang Social Security Bureau and the Liaoyang Housing Fund Administration Centre dated January 7, 2009, at present neither government authority is able to complete procedures for the receipt of payment in respect of outstanding social security and housing provident fund contributions. As a result, there is no possibility that we can make the relevant outstanding social security and housing provident fund contribution payments prior to the Listing. In light of this, we undertake to proceed with the completion of all requisite procedures and to pay all outstanding contributions in respect of all employees who make their own payments of outstanding social security and housing provident fund contributions when the relevant authorities are able to process such a request. However, in reliance on the confirmation letters and on the basis that as of the Latest Practicable Date we had not been subject to any demand from employees, we have not made the relevant overdue payments of social security and housing provident fund contributions on behalf of the employees who have left our Company and those who refused to make their own contributions, some of whom are still currently working with the Group.

Since we cannot rule out the possibility that we may be subject to employee demands to make such past contributions, as of December 31, 2008, we had made provisions in our financial statements of approximately RMB24.8 million in respect of the overdue contributions for the Track Record Period which was calculated based on the relevant prevailing laws and regulations in the PRC. In addition, an indemnity from the Controlling Shareholder has been obtained if the amount of provisions made in respect of the overdue contributions is insufficient to cover the outstanding contributions. Our Directors are of the view that the amount of provisions made in our financial statements in respect of the overdue contributions is sufficient to cover all relevant overdue contributions on the basis that (i) under the relevant PRC laws and regulations, employees who left our Company prior to May 1, 2008 have a period of 60 days to demand us to make payment for their past contributions and employees who left our Company after May 1, 2008 have a period of one year to make a similar demand; (ii) as of the Latest Practicable Date, we had not been subject to any such demand from employees; (iii) we obtained confirmation letters from the relevant PRC authorities confirming that no rectification notice has been or will be issued to, and no penalty has been or will be imposed on, Zhongwang PRC in respect of any non-payment of past contributions; and (iv) an indemnity from the Controlling Shareholder has been obtained in favor of us against any losses, liabilities and expenses, if any, arising from any claim in relation to social security and housing provident fund contributions. Starting in January 2009, Zhongwang PRC commenced withholding the relevant portion from salaries as well as paying the corresponding amount of social security and housing provident fund contributions in respect of all eligible employees.

Save as disclosed above, we were in compliance with all relevant social security and housing provident fund laws and regulations throughout the Track Record Period. As of the Latest Practicable Date, we were not aware of any recent employees' complaints on demands for payment of social security and housing provident fund contributions, nor had we received any relevant legal documentation from the labor arbitration tribunals or the People's Courts regarding social security and housing provident fund contributions disputes.

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### *Environmental Approvals for Construction Projects*

Zhongwang PRC failed to comply with certain environmental approval requirements with respect to certain construction projects and retroactively undertook measures in connection with each such project. Zhongwang PRC subsequently received a certificate and a confirmation letter from the Liaoyang City Environmental Protection Bureau (遼陽市環境保護局) with respect to such past non-compliance with environmental approval requirements. For details, please refer to “Business – Environmental and Safety Regulations.”

Pursuant to the deed of indemnity dated April 17, 2009 and entered into between Mr. Liu and our Company referred to in the paragraph headed “Summary of material contracts” in Appendix VI to this prospectus, our Controlling Shareholder, Mr. Liu, has provided an indemnity in favor of our Group from and against all actions, claims, losses, payments, charges, settlement payments, costs, penalties, damages or expenses which our Group may incur, suffer or accrue, directly or indirectly, that may arise from or in connection with any failure by our Group to comply with relevant PRC laws and regulations on or before the Global Offering becomes unconditional. See “Appendix VI – Statutory and General Information – Tax and other indemnity” to this prospectus for more details relating to this indemnity.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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### RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

#### I. Information on our Controlling Shareholder

Mr. Liu is our founder and controlling shareholder. Mr. Liu, through various members of the Controlling Shareholder Group, is interested in different businesses (other than those of our Group) (the “Non-Group Businesses”), certain of which entered into on-going transactions in their ordinary course of business with our Group during the Track Record Period. Certain of these transactions (as set out below) will continue after the Listing (the “Continuing Connected Transactions”).

During the Track Record Period, the aggregate amount of purchases made by our Group to the Controlling Shareholder Group as mentioned in this section amounted to approximately RMB133.2 million, RMB226.8 million and RMB117.5 million, respectively, representing approximately 2.7%, 3.8% and 1.4%, respectively, of our Group’s total cost of sales during such periods. During the Track Record Period, the aggregate amount of sales from our Group to the Controlling Shareholder Group as mentioned in this section amounted to approximately RMB9.3 million, RMB19.9 million and RMB0.4 million, respectively, representing approximately 0.2%, 0.3% and 0.004%, respectively, of our Group’s total revenue during such periods.

Set out below is a brief summary of certain of the businesses of the Controlling Shareholder Group.

#### 1. Pengli Dies

Pengli Dies is indirectly owned by Mr. Liu as to 51% of its equity, with the balance held by an Independent Third Party. Both Mr. Liu and his wife, Wang Zhijie (“Mrs. Liu”), do not occupy any position in Pengli Dies. There are no common directors or senior management members between our Group and Pengli Dies. Pengli Dies is principally engaged in the manufacture and sale of dies used in the production of products made from the extrusion process, including aluminum extrusion products and PVC products. For the two years ended December 31, 2007 and the period from January 1, 2008 to March 31, 2008, Pengli Dies supplied dies to our Group for use in the production of aluminum extrusions products, and our Group’s purchases of such dies amounted to approximately RMB99.8 million, RMB143.9 million and RMB33.2 million, respectively, representing approximately 2.0%, 2.4% and 0.4%, respectively, of our Group’s total cost of sales during the Track Record Period. The consideration charged by Pengli Dies to our Group was determined based on market prices. For the two years ended December 31, 2007 and the period from January 1, 2008 up to the purchase of the equipment by the Group from Pengli Dies as mentioned below, Pengli Dies only supplied dies used for the production of aluminum extrusion products to our Group and Pengli Dies was the sole supplier of the dies used by our Group. Pengli Dies also supplied dies used for the production of PVC products to Hong Cheng as well as to Independent Third Parties.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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On March 26, 2008, Zhongwang PRC entered into an agreement with Pengli Dies pursuant to which Zhongwang PRC agreed to acquire all the equipment necessary for the manufacture of dies used in the forming aluminum extrusion products from Pengli Dies for a consideration of RMB18.9 million based on the book value of such equipment. As our Group has acquired the equipment necessary for the manufacture of dies used in the production of our products, accordingly, our Group has ceased to purchase dies from Pengli Dies as from April 1, 2008. Our Group commenced production of dies on April 1, 2008. The dies produced by our Group are for our exclusive use only and we have no intention to sell dies produced by our Group to any third party.

### **2. Cheng Cheng**

Cheng Cheng is indirectly wholly-owned by Mr. Liu. Cheng Cheng is principally engaged in the manufacture and sale of woven bags for packaging use. Both Mr. Liu and Mrs. Liu do not occupy any position in Cheng Cheng. There are no common directors or senior management members between our Group and Cheng Cheng. Cheng Cheng also manufactures plastic film, which is made from some of the raw materials used in the production of woven bags. Although Cheng Cheng sells its principal products to Independent Third Parties, during the Track Record Period, Cheng Cheng also supplied plastic film to our Group for use as packaging material. Cheng Cheng has been the sole supplier of the plastic film used by our Group. For the three years ended December 31, 2008, our Group's purchases of such plastic film amounted to approximately RMB6.8 million, RMB5.7 million and RMB6.4 million, respectively, representing approximately 0.1%, 0.1% and 0.1%, respectively, of our Group's total cost of sales during such periods.

### **3. Futian Chemical**

Futian Chemical is indirectly owned by Mr. Liu as to 40% of its equity and by Mr. Liu's wife as to 60% of its equity. Both Mr. Liu and Mrs. Liu do not occupy any position in Futian Chemical. There are no common directors or senior management members between our Group and Futian Chemical. Futian Chemical is principally engaged in the manufacture and sale of coating powder for metallic surfaces. For the three years ended December 31, 2008, Futian Chemical supplied such coating powder to our Group for the surface processing of our products as well as to Independent Third Parties. For the three years ended December 31, 2008, our Group's purchases of such coating powder amounted to approximately RMB26.6 million, RMB71.1 million and RMB77.9 million, respectively, representing approximately 0.5%, 1.2% and 1.0%, respectively, of our Group's total cost of sales during such periods. Futian Chemical has been the sole supplier of the coating powder used by our Group since January 1, 2008.

### **4. Hong Cheng**

Hong Cheng is indirectly owned by Mr. Liu as to 40% of its equity and by Mr. Liu's wife as to 60% of its equity. Both Mr. Liu and Mrs. Liu do not occupy any position in Hong Cheng. There are no common directors or senior management members between our Group and Hong Cheng. Hong Cheng is principally engaged in the manufacture and sale of PVC products, which are principally used in the manufacture of window frames and door frames. Hong Cheng markets and sells its products under the Zhongwang brand, but there was no sale and purchase of products between Hong Cheng and our Group during the Track Record Period. The products of Hong Cheng and our Group have not been and will not be sold together in the form of bundle-sales.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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Historically, prior to the commencement of and during the Track Record Period, Hong Cheng and our Group were both owned by the Controlling Shareholder Group and both our Group and Hong Cheng have contributed to the development of the Zhongwang brand in the PRC. The products of Hong Cheng were marketed and sold under the Zhongwang brand, and no trademark fees were charged by our Group to Hong Cheng for the use of the Zhongwang trademark prior to 2008. Hong Cheng will continue to market and sell its products under the Zhongwang trademark after the Listing, and a fee is being charged by our Group to Hong Cheng for the use of the Zhongwang trademark from the year 2008. Upon the Listing, Hong Cheng will establish its own brand and will be allowed to continue using the Zhongwang trademark for marketing and sale of its products for three years from the Listing Date so that Hong Cheng may establish its own brand during such transitional period. We will not allow Hong Cheng to use the Zhongwang trademark upon the expiry of the said three-year period from the Listing Date. We will take appropriate actions, including the institution of legal proceedings, to prevent any infringement or abuse of the Zhongwang trademark by any third party (including Hong Cheng).

The products of Hong Cheng and our Group have been and will continue to be manufactured and sold separately and independently. While Hong Cheng's PVC profiles are designed to supply the lower-end building construction market, our Group's aluminum extrusion products are targeted at the higher-end building construction market. Higher-end and lower-end building materials may be distinguished by reference to their anti-corrosion, weather resistance, ultraviolet ray resistance and humidity resistance. Since higher-end building materials have better resistance to corrosion, weather, ultraviolet ray and humidity than lower-end building materials, their selling prices are higher than lower-end building materials. There is consistent pricing differential between aluminum extrusion products and PVC profiles. For the three years ended December 31, 2008, the average selling price of our Group's aluminum extrusion products for the construction industry was approximately RMB21,000 per ton, RMB22,000 per ton and RMB22,000 per ton, respectively, while the average selling price of Hong Cheng's PVC profiles was approximately RMB9,200 per ton, RMB8,800 per ton and RMB8,677 per ton, respectively. Given the different building materials used for the different sub-markets, the products of Hong Cheng and our Group are distinguishable, and the Directors are of the view that Hong Cheng's PVC profiles are lower-end building materials and are not equivalent substitutes for the Group's aluminum extrusion products for sale in the higher-end building construction market at the current stage. Although Hong Cheng will continue to market its PVC products under the Zhongwang trademark for a limited period of time, the above different features, characteristics and pricing differentials between our Group's aluminum extrusion products and Hong Cheng's PVC profiles, which our customers and those of Hong Cheng, being users in these industries, can easily identify, coupled with the different physical appearances of and attributes to aluminum and PVC products, make our products very distinguishable to the customers. Furthermore, our Group has no intention to broaden its scope of business activity to include the sale of lower-end building materials. Our Group has its own teams of sales and marketing staff, which are separate from and independent of those of Hong Cheng. Our Group negotiates and concludes sales contracts independently from Hong Cheng. However, of the 1,485 customers of our Group for the year ended December 31, 2008, there are 135 common customers between our Group and Hong Cheng in the building construction market as our customers in the building construction market may sell both aluminum and PVC window frames and/or door frames for use in higher-end and lower-end property construction projects, respectively. In spite of that, in a property construction project,

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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS**

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it is the property developer, not our distributors or customers, who decides whether to use aluminum or PVC window frames and/or door frames, and whose decision is dependent on whether the property is a lower-end or higher-end project. We understand from Hong Cheng that it does not intend to expand its business to higher-end building construction market that our Group is currently focusing on.

Our Group's industrial aluminum extrusion products are also used in the manufacture of certain products used in various transportation sectors, such as railway cargo and passenger carriages, metropolitan rails (subways and light rails), light trucks, automobiles, aircraft, vessels and power transmitters, while PVC extrusions cannot be used for such purposes. Accordingly, our aluminum extrusion products for building construction use and the PVC products of Hong Cheng are principally targeted at different sub-markets of the building construction market, and, for the aforesaid reasons, the Directors are of the view that the business of Hong Cheng does not pose competition to our principal business. Notwithstanding this, the Controlling Shareholder has provided a non-competition undertaking in favor of us, details of which are set out under "IV. Non-competition undertaking" below.

### **5. *GL Chemicals***

GL Chemicals is indirectly owned by Mr. Liu as to 100% of its equity. Both Mr. Liu and Mrs. Liu do not occupy any position in GL Chemicals. There are no common directors or senior management members between our Group and GL Chemicals. GL Chemicals is principally engaged in the manufacture and sale of chemicals. For the year ended December 31, 2006, GL Chemicals supplied small quantities of certain chemicals used in the surface processing stage of the manufacture of aluminum extrusions to our Group and GL Chemicals also supplied its products to Independent Third Parties at the same time. Our Group's purchases of such chemicals amounted to approximately RMB0.1 million, and they represented approximately 0.003% of our Group's total cost of sales during such periods. The consideration charged by GL Chemicals to our Group was determined based on market prices. As from 2007, our Group has purchased such chemicals from other suppliers and has stopped purchasing any chemicals from GL Chemicals.

### **6. *Lu Su Decoration***

From the beginning of the Track Record Period to November 24, 2006, Lu Su Decoration was indirectly wholly-owned by Mr. Liu. On November 25, 2006, two agreements were entered into for the disposal of 100% of Mr. Liu's indirect interest in Lu Su Decoration to two Independent Third Parties, and the procedures for the transfer of 60% of such equity have since been completed. Both Mr. Liu and Mrs. Liu do not occupy any position in Lu Su Decoration. There are no common directors or senior management members between our Group and Lu Su Decoration. Lu Su Decoration was principally engaged in the manufacture and sale of decoration and other building related products, the production of certain of which required aluminum profiles. Insofar as the Directors are aware, Lu Su Decoration has ceased carrying on its principal business and has commenced the procedure for cessation of business with the relevant local authorities.



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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS**

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For the renovation of certain of our premises in 2007, our Group purchased certain products from Lu Su Decoration in the amount of approximately RMB6.0 million in 2007, which amount represented approximately 0.1% of our Group's total cost of sales for 2007. The consideration charged by Lu Su Decoration to our Group was determined based on market prices. Our Group did not make any other purchase from Lu Su Decoration during the Track Record Period.

For the two years ended December 31, 2007, our Group supplied aluminum profiles to Lu Su Decoration in the amount of approximately RMB6.0 million and RMB18.1 million, respectively, representing approximately 0.1% and 0.2%, respectively, of our Group's total revenue over such periods. The consideration charged by our Group to Lu Su Decoration was determined based on market prices. As from 2008, Lu Su Decoration has ceased to purchase aluminum profiles from our Group and our Group has stopped supplying aluminum profiles to Lu Su Decoration.

### **7. Kong Lung**

Kong Lung is a trading company and is wholly-owned by Mr. Liu. Save for Mr. Liu who is the chairman of the board of Kong Lung, there are no common directors or senior management members between our Group and Kong Lung. Mrs. Liu is a director of Kong Lung. For the two years ended December 31, 2007, Kong Lung purchased small quantities of aluminum extrusion products from our Group for the amount of approximately RMB1.9 million and RMB0.6 million, respectively, and they represented approximately 0.03% and 0.01%, respectively, of our Group's total revenue over such periods. From 2008, Kong Lung has stopped purchasing aluminum extrusion products from our Group.

### **8. CC Plastics**

CC Plastics is wholly-owned by Mr. Liu Zhongsuo. Mr. Liu Zhongsuo is a vice president of our Group and the brother of Mr. Liu. Both Mr. Liu and Mrs. Liu do not occupy any position in CC Plastics. Save for Mr. Liu Zhongsuo, there are no common directors or senior management members between our Group and CC Plastics. CC Plastics is principally engaged in the trading of PVC products. For the three years ended December 31, 2008, CC Plastics purchased small quantities of aluminum extrusion products from our Group in the amount of approximately RMB1.4 million, RMB1.2 million and RMB0.4 million, respectively, and they represented approximately 0.02%, 0.02% and 0.004%, respectively, of our Group's total revenue over such periods. CC Plastics purchased such aluminum extrusion products for the manufacture of certain of their PVC products. CC Plastics has stopped purchasing aluminum extrusion products from our Group. In the event that CC Plastics will need to source aluminum extrusion products from our Group in the future, our Company will comply with the applicable requirements of the Hong Kong Listing Rules.

The Group's primary business focus and strategy is the manufacture and sale of aluminum extrusion products, which is different from the Non-Group Businesses. As such, the Non-Group Businesses operated by the Controlling Shareholder Group have not been included in our Group. The Controlling Shareholder Group has no current intention to inject any of the Non-Group Businesses into our Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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### II. Continuing connected transactions

After the Listing, the following on-going transactions entered into in our Group's ordinary course of business will constitute our Continuing Connected Transactions under the Hong Kong Listing Rules.

#### 1. *Non-exempt continuing connected transactions*

##### (i) *Sale of plastic film by Cheng Cheng to our Group*

Cheng Cheng is our connected person. During the Track Record Period, Cheng Cheng supplied plastic film to our Group for use as packaging material, and our Group's purchases of such plastic film amounted to approximately RMB6.8 million, RMB5.7 million and RMB6.4 million, respectively, representing approximately 0.1%, 0.1% and 0.1%, respectively, of our Group's total cost of sales during such periods. Such consideration was determined based on market prices.

Pursuant to the supply agreement dated April 15, 2009 and entered into between Zhongwang PRC and Cheng Cheng, for a period of three years with effect from January 1, 2009, Cheng Cheng has agreed that the consideration for its supply of plastic film to our Group will be determined by reference to the then prevailing market price. The term of payment of the consideration and the terms of delivery of the plastic film will be set out in the relevant purchase contracts. Zhongwang PRC and Cheng Cheng may agree to settle the consideration in the following manners: (i) payment by Zhongwang PRC to Cheng Cheng within one month from the delivery of the plastic film; (ii) prepayment by Zhongwang PRC to Cheng Cheng to be made more than one month prior to the delivery of the plastic film; or (iii) payment by Zhongwang PRC assigning the debts owed to it from a third party to Cheng Cheng. Except for payment by way of assignment of debts, the consideration shall be settled through bank remittance.

Cheng Cheng has agreed that the consideration for the supply of plastic film to any member of our Group will not be higher than the consideration paid to Cheng Cheng by any Independent Third Party for the same products (if any) during the relevant annual period.

It is expected that the total consideration payable by our Group for the purchase of plastic film from Cheng Cheng for the three years ending December 31, 2011 will not exceed RMB12.8 million, RMB15.2 million and RMB15.3 million, respectively, and such amounts have accordingly been set as the caps for these Continuing Connected Transactions. The above caps have been prepared by us primarily based on our estimated production volume of aluminum extrusion products (which in turn have been estimated by reference in part to the compound annual growth rate of our sales volume over the Track Record Period, our estimation of our sales volume growth rate for the three years ending December 31, 2011 and the amount of plastic film required for the relevant packaging purpose) and our estimation of the average unit prices of the plastic film to be purchased by our Group (which has been prepared by reference to the compound annual growth rate of the unit price of plastic film over 2006, 2007 and 2008). We understand from Cheng Cheng that it does not place significant reliance on the Continuing Connected Transactions with our Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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(ii) *Trademark fees payable by Hong Cheng to our Group*

Hong Cheng is our connected person. Hong Cheng is principally engaged in the manufacture and sale of PVC profiles.

Hong Cheng was established in 1995 and has since been selling its products under the Zhongwang trademark. During the Track Record Period, the amount of the advertising and other related expenses incurred in connection with the promotion and maintenance of the Zhongwang trademark (“Trademark Expenses”) was approximately RMB51.0 million, RMB54.2 million and RMB95.4 million, respectively. Zhongwang PRC did not charge Hong Cheng for its share on the Trademark Expenses for the use of the Zhongwang brand prior to January 1, 2008. Assuming that Zhongwang PRC had charged Hong Cheng for Trademark Expenses in 2006 and 2007, the amount of Trademark Expenses that would have been payable by Hong Cheng to Zhongwang PRC for the two years ended December 31, 2007 would have been approximately RMB14.8 million and RMB14.3 million, respectively.

Pursuant to an agreement for the use of trademark dated April 15, 2009 between Zhongwang PRC and Hong Cheng, Zhongwang PRC has agreed to grant Hong Cheng the right, on a non-exclusive basis, to use the Zhongwang trademark referred to therein (i) for a period of three years as from January 1, 2009, (ii) for use solely in respect of PVC profiles for building construction use, and (iii) for use in the PRC. All promotion and maintenance activities in relation to the Zhongwang trademark shall be carried out by our Group, and Hong Cheng shall pay Zhongwang PRC each year an amount equal to its share of all the Trademark Expenses, which will be determined by reference to the revenue of Hong Cheng for that year relative to the consolidated revenue of our Group and Hong Cheng for the same year. Prior to January 10 of each year, Zhongwang PRC and Hong Cheng shall confirm the Trademark Expenses payable by Hong Cheng for the previous year. Hong Cheng shall pay the relevant Trademark Expenses on the day at which both parties confirm such Trademark Expenses. The Trademark Expenses paid by Hong Cheng to Zhongwang PRC for the year ended December 31, 2008 was approximately RMB19.8 million.

It is expected that the Trademark Expenses payable by Hong Cheng to Zhongwang PRC for the three years ending December 31, 2011 will not exceed RMB21.8 million, RMB24.4 million and RMB26.8 million, respectively, and such amounts have accordingly been set as the caps for these Continuing Connected Transactions. The above caps have been prepared by us primarily based on our estimate of our total revenue for each of those periods (which in turn have been estimated by reference in part to the compound annual growth rate of our revenue over the Track Record Period and in part to our estimation of our revenue growth rate for the three years ending December 31, 2011) and our estimate of the total amount of the Trademark Expenses to be incurred (which has been prepared based on the compound annual growth rate of our Trademark Expenses over the Track Record Period) and Hong Cheng’s estimate of its total revenue for each of those periods (which is based on the compound annual growth rate of Hong Cheng’s revenue over the Track Record Period). Since the products of Hong Cheng have been marketed and sold under the Zhongwang brand, Hong Cheng placed significant reliance on the aforementioned transactions with our Group during the Track Record Period. However, as Hong Cheng will establish its own brand upon the Listing, such reliance will gradually decrease.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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(iii) *Sale of coating powder by Futian Chemical to our Group*

Futian Chemical is our connected person. Futian Chemical is principally engaged in the manufacture and sale of coating powder for metallic surfaces.

During the Track Record Period, Futian Chemical supplied coating powder to our Group for use in the surface processing of our aluminum extrusion products, and our Group's purchases of such coating powder amounted to approximately RMB26.6 million, RMB71.1 million and RMB77.9 million, respectively, representing approximately 0.5%, 1.2% and 1.0%, respectively, of our Group's total cost of sales during such periods. Such consideration was determined based on the relevant market prices charged by Futian Chemical to its Independent Third Party purchasers.

Pursuant to a supply agreement dated April 15, 2009 and entered into between Zhongwang PRC and Futian Chemical, Futian Chemical has agreed that, for a period of three years with effect from January 1, 2009, with respect to any supply of coating powder by Futian Chemical to any member of our Group, such supply will be made at a consideration determined by reference to the then prevailing market price. The term of payment of the consideration and the terms of delivery of the coating powder will be set out in the relevant purchase contracts. Zhongwang PRC and Futian Chemical may agree to settle the consideration in the following manners: (i) payment by Zhongwang PRC to Futian Chemical within one month from the delivery of the coating powder; (ii) prepayment by Zhongwang PRC to Futian Chemical to be made more than one month prior to the delivery of the coating powder; or (iii) payment by Zhongwang PRC assigning the debts owed to it from a third party to Futian Chemical. Except for payment by way of assignment of debts, the consideration shall be settled through bank remittance.

Futian Chemical has agreed that the consideration for the supply of coating powder to any member of our Group will not be higher than the consideration paid to Futian Chemical by any Independent Third Party for the same products during the relevant annual period.

The increase in the purchase of coating powder by our Group from Futian Chemical during the Track Record Period resulted from the increase in the layers of coating on certain of our aluminum extrusion products, especially our aluminum extrusion products for the building construction market which are targeted at the higher-end building construction market, which was the market trend, and we expect that such market trend will continue. For the three years ended December 31, 2008, our aluminum extrusion products that required more than one layer of coating represented approximately 7.0%, 53.0% and 53.0%, respectively, of our total production volume of aluminum extrusion products which required coating powder for surface processing. In view of the significant increase in the production volume of such aluminum extrusion products, we expect that our requirement for coating powder will continue to increase. It is expected that the total consideration payable by our Group for coating powder from Futian Chemical for the three years ending December 31, 2011 will not exceed RMB114.8 million, RMB120.8 million and RMB122.2 million, respectively, and such amounts have accordingly been set as the caps for these Continuing Connected Transactions. The above caps have been prepared by us primarily based on our estimated sale volume of the aluminum extrusion

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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products that require surface processing (which in turn have been estimated by reference in part to the compound annual growth rate of the sale volume of such products over the Track Record Period, our estimation of the growth rate of the sale volume for such products over the three years ending December 31, 2011, and in part to our increased sales of aluminum products for the higher-end building construction market which require surface processing and the increase in the layers of the coating on the relevant products) and our estimation of the average unit prices of the coating powder to be purchased by our Group (which has been prepared by reference to the compound annual growth rate of the unit price of coating powder over the Track Record Period). We understand from Futian Chemical that it does not place significant reliance on the Continuing Connected Transactions with our Group.

### **2. Application for waiver**

Based on the consolidated revenue of our Company for the year ended December 31, 2008 and total assets of our Company as of December 31, 2008, and the market capitalization of our Company based on the low-end of the Offer Price range and assuming that the Over-allotment Option will not be exercised, none of the Pre-IPO Share Options will be exercised and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, the applicable percentage ratio of each of the transactions referred to in (i) and (ii) under the paragraph headed "Non-exempt continuing connected transactions" above calculated by reference to Rule 14.07 of the Hong Kong Listing Rules will be, on an annual basis, less than 2.5%, and is thus only subject to the reporting and announcement requirements set out in Rule 14A.34(1) of the Hong Kong Listing Rules and the transactions referred to in (iii) under the paragraph headed "Non-exempt continuing connected transactions" above are subject to reporting, announcement and the independent shareholders' approval requirements set out in Rules 14A.35(3) and (4) of the Hong Kong Listing Rules following the Listing.

The Directors have confirmed that the said non-exempt Continuing Connected Transactions have been, and will continue to be, conducted in the ordinary and usual course of business of our Group on normal commercial terms and on an arm's length basis in accordance with the pricing arrangements as set out in the relevant written agreements between the connected persons.

With respect to the said non-exempt Continuing Connected Transactions, we have, pursuant to Rule 14A.42(3) of the Hong Kong Listing Rules, applied for and the Hong Kong Stock Exchange has agreed to grant a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Hong Kong Listing Rules and the independent shareholders' approval requirement under Rule 14A.48 of the Hong Kong Listing Rules (where applicable).

Apart from the announcement and/or independent shareholders' approved requirements in respect of which a waiver has been sought, our Company will comply with the provisions in Chapter 14A of the Hong Kong Listing Rules governing continuing connected transaction from time to time.

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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS**

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### **3. *Opinion of our Directors***

Our Directors (including our independent non-executive Directors) confirm that all the above-mentioned connected transactions have been entered into and are in the ordinary and usual course of business on normal commercial terms, and are fair and reasonable to our Group and are in the interests of our Shareholders as a whole, and the proposed annual caps for the transactions referred to in the paragraph headed “Non-exempt continuing connected transactions” above are fair and reasonable and in the interests of the shareholders of our Company as a whole.

### **4. *Confirmation from the Joint Sponsors***

The Joint Sponsors consider that:

- (i) the above non-exempt Continuing Connected Transactions for which waivers are sought have been entered into and are in the ordinary course of business of our Group on normal commercial terms and are fair and reasonable and in the interest of our Shareholders as a whole; and
- (ii) the proposed annual caps for the above non-exempt continuing connected transactions are fair and reasonable.

### **III. *Independence from our Controlling Shareholder***

Our Group is capable of carrying on our business independently of the Non-Group Businesses. We are engaged in the manufacture and sale of aluminum extrusion products, which is completely different from the Non-Group Businesses. Furthermore, for the reasons set out below, our Directors also consider that we are not reliant on the Non-Group Businesses.

#### **1. *Management team***

All of our executive Directors and senior management are full time officers and employees of our Group, and their expertise (other than the positions of the head of audit, financial and accounting management and capital investment and management) lies in the aluminum extrusion products industry. Each of the executive Directors has also entered into a service contract with our Company for a term of three years.

Our Board comprises ten Directors, of whom five are executive Directors, one is a non-executive Director and four are independent non-executive Directors. The four independent non-executive Directors have extensive experience in different areas or professions and have been appointed pursuant to the requirements under the Hong Kong Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions.

Our Directors believe that the fact that our Directors have different backgrounds provides a balance of opinion among them. Furthermore, the Board acts collectively by an at least majority decision in accordance with the Articles of Association, and no single Director is allowed to enter into any agreement or transaction or decide on any matters on behalf of the Company unless authorized by the Board or in accordance with the Articles of Association. Save for Mr. Liu who is the chairman of the board of Kong Lung, and Mr. Liu Zhongsuo, a vice president of our Group, who is a director of CC Plastics, there are no other common directors or senior

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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS**

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management members between the Group and the Non-Group Businesses. Mr. Liu Zhongsuo is the brother of Mr. Liu and was an executive Director from April 3, 2008 to August 1, 2008. Mr. Liu is primarily responsible for our Group's overall strategic planning and policies as well as the overall business management, and Mr. Liu Zhongsuo is responsible for the formulation and execution of our Group's overall sales and marketing. Mr. Liu and Mr. Liu Zhongsuo only participate in the board meetings of Kong Lung and CC Plastics, respectively, and do not actively participate in the day-to-day management and operation of the relevant company.

Under the Articles, Mr. Liu shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest. He shall also excuse himself from the relevant Board meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolution where any contract or arrangement or other proposal in which he or any of his associates has a material interest is discussed or resolved, unless his participation at such meeting of the Board is specifically required by the remaining Directors or as otherwise provided in the Articles. As there are ten members in our Board, even if Mr. Liu is in conflict with respect to any resolution, the remaining Directors, including the four executive Directors who are responsible for the daily operations of our Group, can still attend to and consider the relevant proposal(s) and the operation of our Group will not be affected. Based on the above circumstances and reasons, our Directors are of the view that our Directors and senior management are able to function independently of the Non-Group Businesses.

### **2. Procurement and sales**

Our Group has its own team of procurement staff, which is separate from and independent of those of the Non-Group Businesses. Our Group negotiates and concludes supply contracts independently of the Non-Group Businesses.

As stated in the paragraph headed "II. Continuing connected transactions" above, during the Track Record Period, our purchase of plastic film from Cheng Cheng merely accounted for approximately 0.1%, 0.1% and 0.1% of our Group's total cost of sales during the respective periods, and our purchase of coating powder from Futian Chemical merely accounted for approximately 0.5%, 1.2% and 1.0% of our Group's total cost of sales during the respective periods.

Our Group has its own teams of sales and marketing staff, which are separate from and independent of those of the Non-Group Businesses. Our Group has also appointed our own distributors for the sale of our products. Our Group negotiates and concludes sales contracts independently from the Non-Group Businesses.

As such, we are not reliant on the Non-Group Businesses in the procurement of our raw materials and/or the sale of our products.

### **3. Production facilities**

As we are engaged in the manufacture and sale of aluminum extrusion products, which is completely different from the Non-Group Businesses, our production facilities and our management and staff involved in the manufacture of aluminum extrusion products are separate from and independent of those of the Non-Group Businesses.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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### **4. Financial resources**

As at the end of each of the periods within the Track Record Period, the amount of bank borrowings of the Group which were secured by the assets of and/or guaranteed by the Non-Group Businesses was approximately RMB1,017.0 million, RMB1,046.3 million and nil, respectively. As of the Latest Practicable Date, all amounts due from/to related parties (other than those which are of trading nature) had been fully settled. Our Directors have confirmed that the amounts due from/to related parties which are of trading nature will be settled in accordance with the relevant credit terms, which are no more favorable than those granted to Independent Third Parties. Our Directors have also confirmed that all the guarantees and/or security to/from our Group by/to our Controlling Shareholder Group or any related parties have been released.

### **IV. Non-competition undertaking**

On April 17, 2009, Mr. Liu entered into a non-competition deed with our Company under which Mr. Liu has undertaken (for itself and as trustee for the benefit of its subsidiaries from time to time) that he will not, and will procure that his associates (other than members of our Group) will not:

- (a) directly or indirectly whether as principal or agent or through any person, firm, company or organization carry on, participate or be interested or engaged in any business in any form or manner that is, directly or indirectly, in competition with or is likely to be in competition with the business of any member of our Group in the PRC, Hong Kong or any part of the world in which any member of our Group may from time to time operate;
- (b) directly or indirectly, solicit, interfere with or entice away from any member of our Group any person, firm, company or organization who, to Mr. Liu's knowledge, as at the date of the deed, was or had been or would after the date of the deed be, a customer, supplier, distributor or management, technical staff or employees (of managerial grade or above) of any member of our Group; and
- (c) will not exploit his or its knowledge or information obtained from our Group to compete, directly or indirectly, with the business carried on by our Group from time to time.

The above undertakings are subject to the following exceptions:

- (i) Mr. Liu and/or his associates are entitled to invest, participate and be engaged in any activity as mentioned in paragraphs (a) to (c) above ("Restricted Activity"), regardless of value, which has first been offered or made available to our Group, provided always that (i) information about the principal terms thereof has been disclosed to our Company and our Company has, after review and based on the opinion of the independent non-executive Directors, confirmed that it does not wish to be involved or engaged, or to participate, in the relevant Restricted Activity and such decision is publicly announced by our Company setting out the reasons for not taking up the business opportunity, and (ii) the principal terms on which Mr. Liu and/or his associate(s) invest, participate or engage in the Restricted Activities are substantially the same as or not more favorable than those disclosed to our Company. Subject to the aforesaid, if Mr. Liu and/or his associate(s) (as the case may be) decide to be involved, engaged, or participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company as soon as practicable but in any event before any binding commitment is entered into by Mr. Liu and/or his associate(s) (as the case may be); and



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

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- (ii) the above undertakings do not apply to the holding of or interests in shares or other securities in any company which conducts or is engaged in any Restricted Activity, provided that, in the case of such shares, they are listed on a stock exchange and either:
  - (a) the relevant Restricted Activity and assets relating thereto account for less than 10% of the relevant company's consolidated turnover and consolidated assets, respectively, as shown in that company's latest audited consolidated accounts; or
  - (b) the total number of shares held by Mr. Liu and his associates (as the case may be) or in which they are together interested does not amount to more than 10% of the issued shares of the company in question, provided that Mr. Liu and his associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its associates) a larger percentage of the shares in question than Mr. Liu and his associates together hold.

Mr. Liu has also undertaken to provide an annual confirmation to the Company confirming that he and his associates have not breached the terms of the non-competition undertaking and to provide all information necessary for the annual review by the independent non-executive Directors (if they so require) for the enforcement of the non-competition deed.

In addition to the non-competition deed, the following measures will be adopted by our Company in respect of the enforceability of the non-competition deed:

- (i) the independent non-executive Directors will review, on a semi-annual basis, the compliance of the non-competition deed; and
- (ii) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-competition deed in interim and annual reports of the Company.

Further, any transaction that is proposed between the Group and the Controlling Shareholder Group will be required to comply with the requirements of the Hong Kong Listing Rules, including, where applicable, the announcement, reporting and independent shareholders' approval requirements.

Additionally, our Company will adopt the following measures to handle potential competition and conflict of interests (if any) arising from the businesses of and connected transactions with the Controlling Shareholder and his associates:

- (i) to review products of our Group against those of the Controlling Shareholder Group every six months by the independent non-executive Directors in order to consider whether the products of our Group and the Controlling Shareholder Group during the relevant period are of a similar nature;
- (ii) to hold regular meetings between the independent non-executive Directors and the Controlling Shareholder Group to review our Group's business and the Controlling Shareholder Group's businesses in order to prevent potential competition;
- (iii) to provide reports concerning the continuing connected transactions by our internal audit department to our corporate governance committee for review every six months;

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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS**

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- (iv) in the event that the corporate governance committee becomes aware of and reports any event relating to potential competition or conflict of interests arising from the businesses of and continuing connected transactions with the Controlling Shareholder and his associates, the Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the Hong Kong Listing Rules in order to monitor any irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautionary actions, including the enforcement of the non-competition deed, if necessary; and
- (v) in the event that there is any conflict of interest from the businesses of and continuing connected transactions with the Controlling Shareholder and his associates, the interested Directors would, according to our Articles of Association, be required to declare his/her interest and if necessary, to abstain from participating in the relevant board meeting and voting on the transaction, details of which are set out in the paragraph headed "Corporate Governance Measures" in this section below.

### **CORPORATE GOVERNANCE MEASURES**

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential competition and conflicts of interest (if any) between our Group, the Controlling Shareholder and our Directors including:

- (i) Our Articles of Association provide that, unless otherwise provided therein, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest as stipulated under the Hong Kong Listing Rules. In addition, our Articles of Association also provide that, except otherwise provided therein, any such Director shall excuse himself/herself from any meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolution where any contract or arrangement or other proposal in which he/she or any of his/her associates has a material interest is discussed or resolved, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by the remaining Directors.
- (ii) The board composition of our Company is well balanced with five executive Directors and five non-executive Directors (including four independent non-executive Directors) so that there is a strong element on the Board which can effectively exercise independent judgement and decision making. All the non-executive and independent non-executive Directors have extensive experience in their respective professional/business fields and, with the assistance of the executive Directors, who are responsible for the daily management of our Company, have the ability and necessary expertise to consider and form independent judgement in the event of conflicts of interest between our Group and the Controlling Shareholder.
- (iii) Our Group operates independently from the Non-Group Businesses. We have our own company secretary, authorized representatives and administrative personnel.
- (iv) Specific corporate governance measures have been put in place in respect of enforcement of the non-competition undertaking given by Mr. Liu above and the potential competition with the Controlling Shareholder Group.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

### DIRECTORS

The Board consists of ten Directors, four of whom are independent non-executive Directors. The following table sets forth certain information relating to our Directors:

Name	Age	Group Position
<b>Executive Director</b>		
Liu Zhongtian (劉忠田) . . . . .	45	Chairman and President
Lu Changqing (路長青) . . . . .	32	Vice President (Capital Operation and Management)
Chen Yan (陳岩) . . . . .	29	Vice President (Internal Auditing)
Zhong Hong (鍾宏) . . . . .	44	Vice President (Production)
Gou Xihui (勾喜輝) . . . . .	41	Vice President (Die Design and Production)
<b>Non-executive Director</b>		
Ma Xiaowei (馬小偉) . . . . .	53	Non-executive Director
<b>Independent non-executive Director</b>		
Wong Chun Wa (王振華) . . . . .	34	Independent non-executive Director
Wen Xianjun (文獻軍) . . . . .	46	Independent non-executive Director
Shi Ketong (史克通) . . . . .	40	Independent non-executive Director
Lo Wa Kei, Roy (盧華基) . . . . .	37	Independent non-executive Director

### Executive Directors

**LIU Zhongtian** (劉忠田), aged 45, is the chairman of the Board and the founder and president of our Group. He is primarily responsible for our Group's overall strategic planning and business management. He has 16 years of experience in business management and development in the aluminum extrusion industry. Before founding our Group in 1993, he established and was the chairman of Liaoyang Factory, Futian Chemical, Liaoning Cheng Cheng and Hong Cheng. Mr. Liu received a diploma in administrative management from Liaoning Radio and TV University (遼寧廣播電視大學), China in 2002. He is an economist (經濟師) and is a member of the 10th and 11th National People's Congress, the executive committee member of All-China Federation of Industry & Commerce and the vice chairman of Liaoning Federation of Industry & Commerce. He was awarded the "Top Model Worker of Liaoning Province (遼寧省特等勞動模範)" by the People's Government of Liaoning Province (遼寧省人民政府) and the "National May Day Medal (全國五一勞動獎章)" by the All China Federation of Trade Unions (中華全國總工會) in 1999, the "National Model Worker (全國勞動模範)" by the State Council of the People's Republic of China (中華人民共和國國務院) in 2000 and the "Constructor of Socialism with Chinese Characteristics (中國特色社會主義事業建設者)" by the Central Committee of the Communist Party of China (中國共產黨中央委員會), the National Development and Reform Committee of the People's Republic of China (中華人民共和國國家發展和改革委員會), the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部), SAIC and the All China Federation of Industry and Commerce (中華全國工商業聯合會) in 2004. He was appointed as a Director on January 29, 2008 and chairman of our Board on August 1, 2008.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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**LU Changqing** (路長青), aged 32, is an executive Director, a vice president and one of the joint company secretaries of our Group. He is primarily responsible for the Group's strategic planning and capital operation and management. He has 11 years of experience in investment banking and corporate finance. Before joining our Group in November 2007, Mr. Lu was a senior manager of the investment banking department of Tiantong Securities Company Limited from 1997 to 1999, the general manager of the merger and acquisition department of China Technology Innovation Company Limited from 2000 to 2003 and an executive director and joint company secretary of China Huiyuan Juice Group Limited, a listed company on the Main Board of the Hong Kong Stock Exchange, from 2003 to 2007. Mr. Lu received a bachelor's degree in economics from Shandong Economic University (山東經濟學院), China in 1997. He was appointed as a Director on April 3, 2008.

**CHEN Yan** (陳岩), aged 29, is an executive Director and a vice president of our Group. He is primarily responsible for the Group's internal auditing. He has seven years of experience in the aluminum extrusion industry. Mr. Chen has held various positions in financial and operation management since he joined our Group in August 2001. Mr. Chen received a diploma in accounting computerization from Liaoning Taxation College (遼寧稅務高等專科學校), China in 2001 and a certificate for intermediate-level accountant from the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in 2005. He was appointed as a Director on April 3, 2008.

**ZHONG Hong** (鍾宏), aged 44, is an executive Director and a vice president of our Group. She is primarily responsible for the Group's production management. She has 12 years of experience in the aluminum extrusion industry. Before joining us, she worked at Liaoning Fushun Feili Aluminum Products Co., Ltd. (遼寧撫順飛利鋁材有限公司) from 1996 to 2003. She joined our Group in September 2003. Ms. Zhong received a diploma in chemical engineering from Liaoning Radio and TV University (遼寧廣播電視大學), China in 1987. She was appointed as a Director on April 3, 2008.

**GOU Xihui** (勾喜輝), aged 41, is an executive Director and a vice president of our Group. He is primarily responsible for die design and production. He has 18 years of experience in the aluminum extrusion industry. Before joining us in 1996, he worked at Changchun Crane Factory (長春起重機廠) and Liaoning Anshan Haicheng Hua Zi Yu Aluminum Product Factory (遼寧省鞍山市海城華子嶼鋁材廠) from 1990 to 1996. Mr. Gou received a bachelor's degree in machinery and manufacture from Harbin Electrotechnics College (哈爾濱電工學院), China in 1990. He was appointed as a Director on August 1, 2008.

### **Non-executive Director**

**MA Xiaowei** (馬小偉), aged 53, is a non-executive Director. He has been the general manager of Olympus Capital in China since 2006. Before joining Olympus Capital, Mr. Ma served as the chief representative of Suzhou Representative Office of RGM International Pte. Ltd. and the general manager of RGM Management Consulting (Shanghai) Co., Ltd. from 2003 to 2005. He has had extensive experience in the development and operation of large scale industrial projects in China while working for RGM International Inc., Covanta Energy Asia Pacific Limited (previously known as Ogden Energy Asia Pacific Limited) from 1999 to 2002, and Amoco Power Resources Corp. from 1997 to 1998. Mr. Ma was a business consultant to Chadbourne & Parke, an international law firm, in New York and Hong Kong from 1993 to 1996. Mr. Ma received an MBA from the Lubin Graduate School of Business of Pace University, the United States in 1994. He was appointed as a Director on August 8, 2008.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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### Independent Non-executive Directors

**WONG Chun Wa** (王振華), aged 34, is an independent non-executive Director. He established ACT Business Consultants Ltd. and RIW C.P.A. Limited in December 2006 and April 2008, respectively, and has been a director of these entities since then. He acted as the financial controller, qualified accountant and company secretary of Sau San Tong Holdings Limited, a Hong Kong listed company, from 2004 to 2005 and an independent non-executive director and the chairman of the audit committee of Maanshan Iron & Steel Company Limited, a company listed in Hong Kong and Shanghai since 2005. He was a manager of Ernst & Young from 2001 to 2004 and an assistant manager of KPMG from 1999 to 2001. He received a bachelor's degree in accounting from the Hong Kong Polytechnic University, Hong Kong in 1996. Mr. Wong Chun Wa is a certified public accountant in Hong Kong and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He was appointed as a Director on August 1, 2008.

**WEN Xianjun** (文獻軍), aged 46, is an independent non-executive Director. Since April 2008, Mr. Wen has been a member of the party committee (常委) and the vice chairman (副會長) of the China Nonferrous Metals Industry Association (中國有色金屬工業協會). He has over 20-years' experience in the nonferrous metals industry. Mr. Wen was the vice president and general secretary of the aluminum branch of, and the director of the aluminum department of, the China Nonferrous Metals Industry Association from 2006 to 2008. He was the vice-chief of the Industry Administrative Department of the State Nonferrous Metals Industry Administration of China (中國國家有色金屬工業局工業管理司) from 1998 to 2000. He served as an engineer in the technology bureau, and vice-chief of the investment and operation department, of China Nonferrous Metals Industry Corporation (中國有色金屬工業總公司) from 1990 to 1992 and from 1996 to 1998, respectively. From 1992 to 1996, Mr. Wen was the vice-chief of the Development and Exchange Center of China Nonferrous Metals Industry Technology (中國有色金屬技術開發交流中心). He served as an assistant engineer in Beijing General Research Institute for Nonferrous Metals (北京有色金屬研究總院) from 1984 to 1987. Mr. Wen received a bachelor's degree in metallic materials from Central South University (中南大學) (formerly known as Central South Institute of Mining and Metallurgy (中南礦冶學院)), China in 1984 and a master's degree in metallic materials from Beijing General Research Institute for Nonferrous Metals (北京有色金屬研究總院), China in 1990. He received the title of professor-level senior engineer (教授級高級工程師) from the China Nonferrous Metals Industry Association in 2007. He was appointed as a Director on August 1, 2008.

**SHI Ketong** (史克通), aged 40, is an independent non-executive Director. Since 2001, Mr. Shi has been a partner of the Beijing office of Jincheng & Tongda Law Offices (金誠同達律師事務所) where he has eight years of experience in practicing PRC corporate and securities law, and advising clients in matters related to merger and acquisition transactions and corporate restructuring. Prior to joining Jincheng & Tongda Law Offices, he practiced law at King & Capital Law Firm (北京京都律師事務所) in Beijing from 2000 to 2001 and at Shandong Luzhong Law Offices (山東魯中律師事務所) from 1994 to 2000. Mr. Shi received a bachelor's degree in law from China University of Political Science and Law (中國政法大學), China in 1992. He was appointed as a Director on August 12, 2008.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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**LO Wa Kei, Roy** (盧華基), aged 37, is an independent non-executive Director. Mr. Lo has over 15 years of experience in auditing, accounting and finance. Since June 2006, Mr. Lo has been a partner of SHINEWING CPA (HK) Limited. He has been serving as an independent non-executive director of Sun Hing Vision Group Holdings Limited, Time Infrastructure Holdings Limited and Sun Man Tai Holdings Company Limited, all of which are Hong Kong listed companies since 1999, 2004 and 2004, respectively. Mr. Lo acted as an independent non-executive director of Proactive Technology Holdings Limited (currently known as China Railway Logistics Limited) and Vital Pharmaceutical Holdings Limited, both Hong Kong listed companies from 2000 to 2006 and from 2004 to 2006, respectively. Before joining SHINEWING CPA (HK) Limited, he worked for several international accounting firms in Hong Kong from 1993 to 2006. Mr. Lo received a bachelor's degree in business administration from the University of Hong Kong, Hong Kong in 1993 and a master's degree in professional accounting from the Hong Kong Polytechnic University, Hong Kong in 2000. He is a certified public accountant, a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Chartered Association of Certified Accountants, a member of the Institute of Chartered Accountants in England and Wales and a member of Hong Kong Securities Institute. He was appointed as a Director on February 11, 2009.

### SENIOR MANAGEMENT

Name	Age	Group Position
Zhou Mi (周密)	59	Chief Engineer
Liu Zhongsuo (劉忠鎖) . . . . .	37	Vice President (Overall Sales and Marketing)
Yang Gang (楊剛). . . . .	42	Vice President (Sales and Marketing of Construction Aluminum Extrusion Products)
Zhu Fengqin (朱鳳琴). . . . .	69	Vice President (Research and Development)
Cheung Lap Kei (張立基) . . . . .	38	Chief Financial Officer

**ZHOU MI** (周密), aged 59, is the chief engineer of our Group. He is primarily responsible for production of industrial aluminum extrusion products and research and development. He has over 30 years of experience in technical development in the aluminum industry, 12 years of which were focused on technical development in aluminum extrusion. Before joining our Group, he worked at certain subsidiaries and plants of Reynolds Metals Company as a metallurgist and quality assurance manager from 1978 to 1996 and as a quality assurance manager from 1998 to 2000. From 1996 to 1997, Mr. Zhou worked at Bohai Aluminum Company as a quality assurance manager. He worked at certain subsidiaries and plants of Alcoa, Inc. as a cast house manager and director of casting plant from 2000 to 2005. Mr. Zhou received a master's degree in materials engineering from Virginia Polytechnic Institute and State University, the United States in 1978. He joined our Group in April 2005.

**LIU Zhongsuo** (劉忠鎖), aged 37, is a vice president of our Group. Mr. Liu Zhongsuo was also an executive Director of our Company but resigned from such position on August 1, 2008. He is primarily responsible for our Group's overall sales and marketing. He has 14 years of experience in enterprise operation and management in the aluminum extrusion industry. Mr. Liu Zhongsuo received a bachelor's degree in administrative management from Liaoning Radio and TV University (遼寧廣播電視大學), China in 2002. He is a member of the China Contractual Metallic Structure Association. Mr. Liu Zhongsuo was awarded the "Liaoning May Day Medal (遼寧五•一獎章)" by Liaoning Provincial Federation of Trade Unions (遼寧省總工會) in 2005. He joined our Group in January 1995. Mr. Liu Zhongsuo is the brother of Mr. Liu.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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**YANG Gang** (楊剛), aged 42, is a vice president of our Group. He is primarily responsible for sales and marketing of construction aluminum extrusion products. He has 19 years of experience in overseas sales and marketing in the aluminum extrusion industry. Mr. Yang received an MBA degree from Commercial College of Wuhan University (武漢大學), China in 2003. He joined our Group in October 2006.

**ZHU Fengqin** (朱鳳琴), aged 69, is a vice president of our Group. She is primarily responsible for research and development of aluminum extrusion products. She has 47 years of experience in research and development in the aluminum extrusion industry. Before joining us, she worked in Liaoyang Qianjing Chemical Factory (遼陽前進化工廠) from 1961 to 1992. Ms. Zhu received a diploma in chemical engineering from Shenyang Chemical Technical College (沈陽化工專科學校), China in 1963. She joined our Group in April 1992.

**CHEUNG Lap Kei** (張立基), aged 38, is the chief financial officer and a joint company secretary of our Company. He has approximately 15 years of experience in auditing and accounting fields. Mr. Cheung served as the chief financial officer, qualified accountant, authorized representative and company secretary of Time Infrastructure Holdings Limited (previously known as Gay Giano International Group Limited), a Hong Kong listed company, from June to December 2008. He also served as the financial controller, qualified accountant, authorized representative and company secretary of Galaxy Semi-Conductor Holdings Limited, a Hong Kong listed company, from 2005 to 2008. Prior to 2005, he worked in several international accounting firms. Mr. Cheung received a bachelor's degree in commerce from Australian National University, Australia in 1994, and an MBA degree from Deakin University, Australia in 2006. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified Public Accountants, Australia. Mr. Cheung was appointed as the chief financial officer and a joint company secretary of our Company on December 30, 2008.

### JOINT COMPANY SECRETARIES

**CHEUNG Lap Kei** (張立基) is a joint company secretary of our Company. He is also the chief financial officer of our Company. His biographical details are set out under the paragraph headed "Senior Management" above.

**LU Changqing** (路長青) was appointed as a joint company secretary of our Company on December 30, 2008. He is also an executive Director and a vice president of our Group. His biographical details are set out under the paragraph headed "Executive Directors" above.

### Rule 8.17 requirements

Under Rule 8.17 of the Hong Kong Listing Rules, the company secretary of the issuer must be a person who is ordinarily resident in Hong Kong and has the requisite knowledge and experience to discharge the functions of the secretary of the issuer and who:

- (a) is an Ordinary Member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant as required under Rule 8.17(2) of the Hong Kong Listing Rules; or

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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- (b) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging those functions as required under Rule 8.17(3) of the Hong Kong Listing Rules.

As Mr. Lu Changqing (“Mr. Lu”) is not ordinarily resident in Hong Kong as required under Rule 8.17 of the Hong Kong Listing Rules and does not possess the qualifications required under Rule 8.17(2) of the Hong Kong Listing Rules, he does not meet all the requirements under Rule 8.17. We understand that the company secretary plays an important role in the corporate governance of our Company after the Listing, particularly in assisting our Company as well as our Directors in complying with the Hong Kong Listing Rules and the applicable company law. Mr. Lu has had experience in acting as joint company secretary of a Hong Kong Stock Exchange listed company. In view of the above and in addition to Mr. Lu’s prior experience as aforesaid, our Company has also put in place the following arrangements:

- (a) Mr. Cheung Lap Kei (“Mr. Cheung”) , an ordinarily resident in Hong Kong, who meets the requirements under Rule 8.17 of the Hong Kong Listing Rules, is engaged as a joint company secretary to assist Mr. Lu so as to enable him to acquire the relevant experience (required under Rule 8.17(3) of the Hong Kong Listing Rules) to discharge the duties as our company secretary; and
- (b) Mr. Cheung is engaged as our joint company secretary for a period of three years from the Listing Date (the “engagement period”). During the engagement period, Mr. Cheung will ensure that he will be available to provide assistance to Mr. Lu as described above. In addition, our Company will provide Mr. Lu with sufficient training through attending relevant external seminars and/or training courses. Upon expiry of the engagement period, the ability of Mr. Lu to discharge the duties of a company secretary of our Company and the need for on-going assistance will be further evaluated by our Company in order to determine whether the appointment of Mr. Lu as sole company secretary would satisfy the requirements as stipulated in the Hong Kong Listing Rules.

Our Company has applied to the Hong Kong Stock Exchange for, and has been granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Hong Kong Listing Rules. Upon the expiry of the engagement period, our Company will re-evaluate the qualifications of Mr. Lu to determine whether the requirements of the Hong Kong Listing Rules can be satisfied.



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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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Throughout the Track Record Period, the management and operations of our Group were carried out through the core management team of Zhongwang PRC, which comprised the following Directors and senior management members:

	<b>Position/Department</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
1	Chairman	Mr. Liu	Mr. Liu	Mr. Liu
2	Sales	Liu Zhongsuo Yang Gang	Liu Zhongsuo Yang Gang	Liu Zhongsuo Yang Gang
3	Production and technology	Zhong Hong Zhou Mi	Zhong Hong Zhou Mi	Zhong Hong Zhou Mi
4	Research and development	Zhu Fengqin	Zhu Fengqin	Zhu Fengqin
5	Accounting	Chen Yan	Chen Yan	Chen Yan <sup>(Note)</sup>

Note: Mr. Chen Yan ceased to be the head of accounting department of Zhongwang PRC since August 2008 and Mr. Cheung Lap Kei, our chief financial officer, is the head of accounting department.

Mr. Liu, Mr. Liu Zhongsuo, Ms. Zhong Hong, Ms. Zhu Fengqin, Mr. Chen Yan and Mr. Zhou Mi have all been serving Zhongwang PRC since the beginning of the Track Record Period, while Mr. Yang Gang has been serving Zhongwang PRC since October 2006.

Except Mr. Liu Zhongsuo and Mr. Yang Gang who were in the same department, each of the individuals mentioned above respectively headed up different departments, which are integral parts of the management and operations of our Group. Mr. Liu Zhongsuo was responsible for overseeing the domestic and international sales division in the sales department while Mr. Yang Gang mainly participated in domestic sales business of Zhongwang PRC and reported to Mr. Liu Zhongsuo. At the time of the Listing, the above mentioned individuals will remain with our Company.

Accordingly, our Group has been operated under substantially the same management throughout the Track Record Period.

### DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) which were paid to our Directors for the Track Record Period was approximately RMB244,791, RMB261,936 and RMB4,665,913, respectively.

The aggregate amount of salaries and other allowances and benefits in kind paid to our five highest paid individuals for the Track Record Period was approximately RMB324,872, RMB351,728 and RMB4,420,895, respectively.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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The aggregate amount of remuneration we paid to our Directors increased substantially in 2008. Such increase was primarily attributable to our management retention effort, the additional responsibilities and workload of our Directors for managing our fast growing businesses, and the appointment of new Directors in 2008. The additional responsibilities and workload of our Directors include the establishment of business relationships with major overseas and domestic customers in various transportation sectors and overseeing matters related to preparation of the Listing.

We determine the remuneration of our Directors and senior management based on their individual performance, qualification, experience and seniority, the performance of our Group and market conditions. The amount of bonuses, if any, to be paid to our Directors and senior management after the Listing will depend on, among other things, our operating results, cash flow and recommendations from the remuneration committee of our Board of Directors.

Except as disclosed above, no other payments have been made or are payable, in respect of the Track Record Period, by us or any of our subsidiaries to or on behalf of any of our Directors. We estimate the aggregate remuneration, excluding discretionary bonuses, of our Directors payable for the year ending December 31, 2009 will be approximately RMB4.4 million.

### STAFF

As of December 31, 2006, 2007 and 2008, we had a total of 2,617, 2,767 and 2,516 full-time employees, respectively. The following table shows a breakdown of our employees by their functions as of December 31, 2008:

<b>Areas of Operations</b>	<b>Number of Employees</b>	<b>Percentage of Total</b>
Manufacturing . . . . .	1,564	62.2%
Sales and marketing. . . . .	196	7.8%
Research and development and quality control . . . . .	253	10.1%
Finance and accounting . . . . .	32	1.3%
General administration. . . . .	82	3.3%
Transportation . . . . .	389	15.5%
Total . . . . .	<u>2,516</u>	<u>100.0%</u>

The decrease in the total number of full-time employees from 2,767 as of December 31, 2007 to 2,516 as of December 31, 2008 was mainly due to the changes in our product mix. As our product mix evolves toward a greater portion of industrial aluminum extrusion products, the production of which is less labor intensive since it utilizes process automation and requires fewer manufacturing employees in the production lines than the production of our construction aluminum extrusion products, we have reduced the number of our manufacturing employees from 2,133 as of December 31, 2007 to 1,564 as of December 31, 2008, which then caused a reduction in the number of our full-time employees in total during such periods.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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### OUR RELATIONSHIP WITH STAFF

We recognize the importance of good relations with our employees. The remuneration payable to the employees includes salaries and allowances.

We have not experienced any significant problems with our employees or disruption to our operations due to labor disputes, nor any difficulties in the recruitment and retention of experienced staff. Our Directors believe that we have a good working relationship with all of our employees.

### SOCIAL INSURANCES AND HOUSING FUNDS

For the Track Record Period, we made contributions to pension funds, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance (collectively, "Social Insurance Funds") for our employees in China. Our contributions to the various Social Insurance Funds for the Track Record Period amounted to approximately RMB9.5 million, RMB10.7 million and RMB11.6 million, respectively.

### STAFF REMUNERATION

We determine our staff's remuneration based on factors such as qualifications and work experience. Our staff costs (including our Directors' and senior management's emoluments) during the Track Record Period was approximately RMB58.7 million, RMB72.3 million and RMB87.2 million, respectively.

### BOARD COMMITTEES

#### Audit Committee

We have established an audit committee.

The primary duties of our audit committee are to review our material investment, capital operation and material financial system; to review our accounting policy, financial position and financial reporting procedures; to communicate with external audit firms; to oversee our financial reporting system and internal control procedures (including those with respect to our financing arrangements) such as reviewing quarterly reports to be prepared by Moores Rowland on our internal control mechanisms and measures; to receive and evaluate reports from the head of internal audit department of our Company on internal control related matters (including those with respect to our financing arrangements), details of which are set out in the section headed "Business – Internal Controls" in this prospectus; to refer internal control matters related to compliance issues to our corporate governance committee; to assess the performance of our internal financial and audit personnel; and to report its findings to our Board. At present, our audit committee consists of three members, namely Wong Chun Wa (chairman), Wen Xianjun and Shi Ketong. Accordingly, the audit committee will meet to discuss each of the abovementioned quarterly reports to be prepared by Moores Rowland as well as to consider the interim and final results of our Company.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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### **Remuneration Committee**

We have established a remuneration committee.

The primary duties of our remuneration committee are to review, determine and make recommendations to our Board on the remuneration (including bonuses and other compensation) payable to our Directors and other senior management members. At present, our remuneration committee consists of three members, namely Wen Xianjun (chairman), Liu Zhongtian and Shi Ketong.

### **Corporate Governance Committee**

We have established a corporate governance committee.

The primary duties of our corporate governance committee are to oversee corporate governance matters within our Group and formulate our corporate governance policies; to receive reports from our legal department; to review the structure, size and composition (including the skills, knowledge and experience) of our Board; to assess the independence of our independent non-executive Directors; to monitor the performance of our management in relation to corporate governance matters; and to report to our Board on its findings on corporate governance and legal compliance matters. At present, our corporate governance committee consists of three members, namely Lo Wa Kei, Roy (chairman), Wen Xianjun and Shi Ketong.

### **Strategy and Development Committee**

We have also established a strategy and development committee. Our strategy and development committee has three members, namely Mr. Liu (chairman), Lu Changqing and Wen Xianjun.

The primary functions of our strategy and development committee are to:

- (a) review and formulate the strategic positioning and development plans of our Group on a regular basis and make recommendations to the Board regarding any proposed changes;
- (b) review and formulate strategies for market development and operation of our Group on a regular basis and make recommendations to the Board regarding any proposed changes; and
- (c) review the strategies of our Group on its material projects, business expansion, capital expenditure, asset restructuring and operation and make recommendations to the Board regarding any proposed changes.

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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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### COMPLIANCE ADVISOR

Our Company has appointed Shenyin Wanguo Capital (H.K.) Limited as its compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

1. the compliance advisor's appointment shall be for a period commencing on the date on which the Shares are listed on the Hong Kong Stock Exchange and ending on the date on which our Company comply with Rule 13.46 of the Hong Kong Listing Rules in respect of the financial results of our Group;
2. the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Hong Kong Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Hong Kong Stock Exchange; and
3. our Company may terminate the appointment of the compliance advisor by giving a 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Hong Kong Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Hong Kong Stock Exchange.
4. During the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:
  1. before the publication of any regulatory announcement, circular or financial report;
  2. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
  3. where we propose to use the proceeds of the initial public offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
  4. where the Hong Kong Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Company.

## SHARE CAPITAL

### SHARE CAPITAL

Our authorized and issued share capital as of the date of this prospectus are as follows:

	<b>HK\$</b>
<i>Authorized share capital:</i>	
<u>8,000,000,000</u> Shares	<u>800,000,000</u>

### ISSUED CAPITAL

Our share capital immediately following the Global Offering will be as follows:

	<b>Nominal value of issued capital HK\$</b>	<b>Number of Shares</b>
Shares issued or to be issued, fully paid or credited as fully paid upon completion of the Global Offering assuming the Over-allotment Option and the Pre-IPO Share Options will not be exercised and there will be no reallocation of Shares between the International Offering and the Hong Kong Public Offering:		
• Shares in issue at the date of this prospectus . . . . .	400,000,000	4,000,000,000
• Shares to be issued pursuant to the Global Offering		
– Under the International Offering . . . . .	126,000,000	1,260,000,000
– Under the Hong Kong Public Offering . . . . .	<u>14,000,000</u>	<u>140,000,000</u>
• Total . . . . .	<u>540,000,000</u>	<u>5,400,000,000</u>
Shares issued or to be issued, fully paid or credited as fully paid upon completion of the Global Offering assuming the Over-allotment Option is exercised in full (but assuming none of the Pre-IPO Options will be exercised and there will be no reallocation of Shares between the International Offering and the Hong Kong Public Offering):		
• Shares in issue at the date of this prospectus . . . . .	400,000,000	4,000,000,000
• Shares to be issued pursuant to the Global Offering		
– Under the International Offering . . . . .	147,000,000	1,470,000,000
– Under the Hong Kong Public Offering . . . . .	<u>14,000,000</u>	<u>140,000,000</u>
• Total . . . . .	<u>561,000,000</u>	<u>5,610,000,000</u>

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## SHARE CAPITAL

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According to rule 8.08 of the Hong Kong Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our issued share capital in the hands of the public.

### **ASSUMPTIONS**

The above tables assume that the Global Offering will become unconditional and will be completed in accordance with the relevant terms and conditions. However, it takes no account of any Shares which may be allotted and issued, or repurchased by us pursuant to the Issuing Mandate (as defined below) and Repurchase Mandate (as defined below).

### **RANKING**

The Offer Shares will rank pari passu in all respects with all other Shares in issue or to be issued as mentioned in this prospectus and will rank in full for all dividends or other distributions declared, made or paid on our Shares after the date of this prospectus.

### **ISSUING MANDATE**

Our Directors have been granted a general unconditional mandate (the “Issuing Mandate”) to allot, issue and deal with our Shares with a total nominal value of not more than the sum of:

1. 20% of the total nominal amount of our issued share capital immediately following the completion of the Global Offering (excluding any Shares that may be issued pursuant to any exercise of the Over-allotment Option); and
2. the total nominal amount of our issued share capital repurchased by our Company (if any) pursuant to the Repurchase Mandate.

The Issuing Mandate will expire:

- at the conclusion of our annual general meeting; or
- at the expiration of the period within which our next annual general meeting is required by the Articles or any other applicable laws of the Cayman Islands to be held; or
- at the time when such mandate is revoked or varied by an ordinary resolution of shareholders of our Company in a general meeting,

whichever is the earliest.

For further details of this Issuing Mandate, see the paragraph headed “Resolutions of shareholders of our Company passed on April 15, 2009” in Appendix VI to this prospectus.

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## SHARE CAPITAL

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### REPURCHASE MANDATE

Our Directors have been granted the repurchase mandate, which is a general unconditional mandate (the “Repurchase Mandate”) to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate of the total nominal amount of our share capital in issue immediately following completion of the Global Offering (excluding any Shares issued pursuant to any exercise of the Over-allotment Option).

This mandate relates only to repurchase made on the Hong Kong Stock Exchange or on any other stock exchange (which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose) on which our securities may be listed, and which are made in accordance with the Hong Kong Listing Rules. A summary of the relevant Hong Kong Listing Rules is set out in the section headed “Repurchase by our Company of its own securities” in Appendix VI to this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our next annual general meeting; or
- at the expiration of the period within which our next annual general meeting is required by the Articles or any other applicable laws of the Cayman Islands to be held; or
- at the time when such mandate is revoked or varied by an ordinary resolution of shareholders of our Company in a general meeting,

whichever is the earliest.

For further details of this repurchase mandate, see the paragraph headed “Resolutions of shareholders of our Company passed on April 15, 2009” in Appendix VI to this prospectus.



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## SUBSTANTIAL SHAREHOLDERS

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### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, based on the information available on the Latest Practicable Date, immediately following completion of the Global Offering (taking no account of any shares which may be taken up under the Global Offering and assuming that the Over-allotment Option is not exercised), the following persons have the following beneficial interests or short positions in our Shares or underlying shares who would be required to be disclosed to us under the provisions of divisions 2 and 3 of part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of shares carrying the right to vote in all circumstances at general meetings of any other member of our Group:

#### Long position

Name of shareholder	Name of company in which the interest is held	Capacity/ Nature of interest	Number of shares	Approximate percentage of voting capital (%)
ZIGL <sup>(1)</sup>	Our Company	Beneficial owner/ Long position <sup>(2)</sup>	4,000,000,000	74.1
Mr. Liu	Our Company	Interest of controlled corporation/ Long position <sup>(1)</sup> and <sup>(2)</sup>	4,000,000,000	74.1
Wang Zhijie (王志杰) (Mr. Liu's wife)	Our Company	Interest of spouse/ Long position <sup>(1)</sup> and <sup>(2)</sup>	4,000,000,000	74.1

Notes:

- (1) The entire issued share capital of ZIGL is legally and beneficially owned by Mr. Liu.
- (2) In connection with the issue of the Olympus Exchangeable Notes, under a deed of charge granted by ZIGL for the benefit of Olympus Alloy, assuming that the Offer Price will be fixed at HK\$7.80 (being the middle of the indicative Offer Price range), ZIGL would charge 125,000,000 existing Shares under such share charge for the benefit of Olympus Alloy.

## SUBSTANTIAL SHAREHOLDERS

### Short position

Name of shareholder	Name of company in which the interest is held	Capacity/Nature of interest	Number of shares	Approximate percentage of voting capital (%)
ZIGL <sup>(1)</sup>	Our Company	Beneficial owner/ Short position <sup>(2)</sup>	125,000,000	2.3
Mr. Liu	Our Company	Interest of controlled corporation/ Short position <sup>(1) and (2)</sup>	125,000,000	2.3
Wang Zhijie (王志杰) (Mr. Liu's wife)	Our Company	Interest of spouse/ Short position <sup>(1) and (2)</sup>	125,000,000	2.3

Notes:

- (1) The entire issued share capital of ZIGL is legally and beneficially owned by Mr. Liu.
- (2) Pursuant to the terms of the Olympus Exchangeable Notes issued by ZIGL, Olympus Alloy is entitled to exchange such notes for existing Shares held by ZIGL. Assuming that the exchange right under the Olympus Exchangeable Notes could and would be exercised in full immediately after the Global Offering and the Offer Price will be fixed at HK\$7.80 (being the middle of the indicative Offer Price range), Olympus Alloy would be entitled to acquire 125,000,000 existing Shares from ZIGL.

Save as disclosed above, based on the information available on the Latest Practicable Date, our Directors confirm that they are not aware of any other person who will, immediately following completion of the Global Offering (taking no account of any shares which may be taken up under the Global Offering and assuming that the Over-allotment Option is not exercised), have beneficial interests or short positions in our Shares or underlying shares who would be required to be disclosed to us under the provisions of divisions 2 and 3 of part XV of the SFO, or, who is directly or indirectly interested in 10% or more of the nominal value of any class of shares carrying the right to vote in all circumstances at general meetings of any other member of our Group.

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## FINANCIAL INFORMATION

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*Our selected consolidated financial data set forth below has been extracted from our consolidated financial information which is set forth in the Accountants' Report included as Appendix I to this prospectus (the "Financial Information"). As more fully described in Appendix I, the Financial Information was prepared in accordance with accounting policies in conformity with IFRS and in compliance with the disclosure requirements of the Hong Kong Listing Rules.*

*Investors should read these selected consolidated financial data together with "Appendix I – Accountants' Report" to this prospectus and the following discussion and analysis below.*

### OVERVIEW

We are a leading aluminum extrusion products manufacturer in Asia and China, with a particular focus on the transportation sectors for our industrial aluminum extrusion products, and have strong research and development capabilities. According to the China Nonferrous Metals Industry Association, we were the largest aluminum extrusion products manufacturer in China in terms of production volume in 2007. According to CRU, we were the third largest aluminum extrusion products manufacturer in the world and the largest aluminum extrusion products manufacturer in Asia and China in terms of production capacity in 2007.<sup>(1)</sup> We produce a wide variety of aluminum extrusion products which we broadly classify into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

Our Directors believe that we are well-positioned to enhance our market position because of our product quality, production capacity, strong reputation, customer-oriented services and extensive sales network in our target markets.

During the Track Record Period, our revenue was RMB6,075.2 million, RMB7,521.3 million and RMB11,264.4 million, respectively. Our net profit for the same periods was RMB551.4 million, RMB852.2 million and RMB1,910.4 million, respectively.

### BASIS OF PRESENTATION

We are a Cayman Islands holding company and conduct substantially all of our business through our principal subsidiary, Zhongwang PRC, in China. During the periods presented in the Financial Information set forth in "Appendix I – Accountants' Report" to this prospectus, we derived all of our revenue from sales of our aluminum extrusion products.

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(1) For the identities of the major global aluminum extrusion products manufacturers, please refer to the table "Top 10 leading aluminum extrusion producers in the world in 2007 in terms of production capacity" in the section headed "Industry Overview – Major Global Aluminum Extrusion Producers."

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## FINANCIAL INFORMATION

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### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been, and will continue to be, affected by a number of factors, including those set out below.

*Recent global economic downturn, economic growth and level of demand for aluminum extrusion products in the PRC*

We derive substantially all of our revenue from sales in China. According to CRU, China is the largest consumer of aluminum extrusion products in the world, and its aluminum extrusion consumption has been experiencing rapid growth since 2001. In 2007, China consumed approximately 5.1 million tons of aluminum extrusion products, representing a CAGR of approximately 20%, compared with approximately 1.7 million tons in 2001. Demand for our aluminum extrusion products is particularly sensitive to the levels of activities in the PRC transportation, machinery and equipment, and construction industries. Economic growth in China, particularly in areas in which we operate, has a direct impact on virtually all aspects of our operations, including the level of demand for our products, the availability and prices of our raw materials and costs of coal and electricity and our other operating expenses.

In response to the global economic slowdown and market volatility, as described in “Risk Factors – Risks Relating to Our Business – The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations,” the PRC government has lowered interest rates and announced large fiscal stimulus packages to boost the domestic economy, which include RMB4.0 trillion investments in, among other things, airports, highways, railways, power grids and other infrastructure developments in China. These packages have caused our customers in these transportation sectors, such as major suppliers of the MOR and major conductor rail manufacturers, to increase their expected purchases from us in 2009. The average monthly sales volume of our industrial aluminum extrusion products increased from approximately 16,790 tons in 2008 to approximately 21,774 tons in the first three months of 2009. Our product mix has continued to evolve toward a greater portion of industrial aluminum extrusion products in 2009. The sales volume contribution from our industrial aluminum extrusion products increased from approximately 46.8% in the year ended December 31, 2008 to approximately 59.2% in the two months ended February 28, 2009, while the gross profit contribution from our industrial aluminum extrusion products increased from approximately 79.9% in year ended December 31, 2008 to approximately 88.2% in the two months ended February 28, 2009. However, the effects of these government measures cannot yet be fully determined. In addition, our Directors believe that the recent deterioration of the global economy and fierce market competition have caused a decline in the average monthly sales volume of our construction aluminum extrusion products, which decreased from approximately 20,394 tons in the first ten months of 2008 to approximately 12,715 tons in the last two months of 2008. Although our revenue generated from the construction aluminum extrusion products increased in 2008, the increase in revenue in the first ten months of 2008 was offset by the decreases in the average monthly sales volume and average selling prices of our construction aluminum extrusion products in the last two months of 2008. In the first three months of 2009, the average monthly sales volume of our construction aluminum extrusion products was approximately 13,845 tons, compared to 12,715 tons in the last two months of 2008. The shift of our product mix toward a greater portion of industrial aluminum extrusion products, which command relatively higher market demand and profit margin, is expected to lessen the negative impact of the global economic

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## FINANCIAL INFORMATION

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downturn on our construction business segment. While it is difficult to predict how long the deteriorating economic conditions will exist and which markets and businesses of our Company may be affected, these developments could continue to present risks for an extended period of time for our Company, including a potential slowdown in our sales to customers, increase in interest expenses and fees on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If this economic downturn continues, our business, financial condition and results of operations may be adversely affected. Please also refer to “Risk Factors – Risks Relating to Doing Business in the PRC – Changes in China’s economic, political and social conditions could adversely affect our financial condition and results of operations.”

### *Product mix*

We produce a wide range of aluminum extrusion products for various applications, and we broadly classify our products into two principal categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products. Our product mix, which is a combination of aluminum extrusion products with different specifications, affects our gross profit margins since different products have different levels of demand and corresponding selling prices in different markets. From time to time, we vary our product mix in order to meet market demand and customers’ requirements, which could have an impact on our overall gross profit margins. We intend to continue to manage and optimize our product mix in response to market conditions in order to maintain and increase our gross profit margins.

### *Sales volume*

Our results of operations are directly affected by our sales volume, which in turn is largely determined by the market demand for our aluminum extrusion products, and our ability to meet that demand. Our sales volume increased across our product segments in 2006, 2007 and 2008 due primarily to the increasing customers demand for our products, particularly our industrial aluminum extrusion products, as a result of the growing reputation of our brand and our high-quality products. We sold approximately 266,479 tons, 307,398 tons and 430,857 tons of aluminum extrusion products in 2006, 2007 and 2008, respectively. With a designated production capacity of over 535,000 tons as of the Latest Practicable Date, we believe we are well-positioned to meet growing market demand for our products.

### *Pricing of our products*

Competition and demand significantly affect the pricing of our products. Although the PRC aluminum extrusion industry is highly fragmented and fiercely price competitive, a majority of the aluminum extrusion products manufacturers in China have small-scale operations that produce low-end extrusion products with simple designs. There are only approximately 15 aluminum extrusion products manufacturers in China which have an annual production capacity of over 100,000 tons. Due to consistent high quality, our aluminum extrusion products typically enjoy price premiums over products sold by our competitors in China. We sell our products to customers based on a “cost-plus” basis, under which we add our processing charges to the prevailing market price of aluminum ingots. The average selling price per ton of our industrial aluminum extrusion products was RMB28,640, RMB30,232 and RMB30,895, respectively, during the Track Record Period, and the average selling price per ton of our construction aluminum extrusion products was RMB21,232, RMB21,998 and RMB21,971, respectively, during the same period. In 2008, we experienced (i) an increase in the average selling price per ton of our industrial aluminum extrusion products primarily due to an increase

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## FINANCIAL INFORMATION

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in the processing fees we charged for our products while the average purchase price per ton of aluminum ingots, our principal raw material, decreased during the same period; and (ii) a slight decrease in the average selling price per ton of our construction aluminum extrusion products mainly due to the decrease in the purchase price per ton of aluminum ingots during the same period. As of February 28, 2009, the average selling price per ton of our industrial aluminum extrusion products was RMB30,074 and the average selling price per ton of our construction aluminum extrusion products was RMB19,688.

### *Cost of raw materials*

Price fluctuations of raw materials we use in our production process affect our cost of sales and could adversely impact our results of operations. The principal raw material for the production of our aluminum extrusion products is aluminum ingots. The price of aluminum ingots is generally affected by the supply and demand of this commodity. In 2006, 2007 and 2008, our purchase of aluminum ingots amounted to approximately RMB4,054.0 million, RMB4,810.3 million and RMB6,750.7 million, respectively, representing 81.6%, 81.4%, and 82.7% of our total cost of sales. During the same period, we purchased aluminum ingots at the average price per ton of approximately RMB17,200, RMB17,518 and RMB15,274, respectively.

We typically purchase aluminum ingots from suppliers based on the prevailing prices on the SHFE during the month prior to the month we receive shipments from our suppliers. Aluminum ingot prices fluctuate over time, and the prevailing prices at the time of our purchase may not be equal to the prevailing prices at the time of our sale. However, we are generally able to pass on cost increases of aluminum ingots to our customers through subsequent orders by increasing selling prices of our products.

### *Production capacity and facility expansion*

We have expanded our production capacity significantly in recent years through installation of new production facilities and re-engineering and modifying our existing production lines to improve our production efficiency. Our annual production capacity was approximately 391,986 tons, 505,386 tons and 535,311 tons as of December 31, 2006, 2007 and 2008, respectively. As of the Latest Practicable Date, our annual production capacity reached over 535,000 tons. We believe that the increases in our production capacity in recent years have strengthened our market position and enhanced our competitiveness in the market since we are able to produce sizable, large-section and high precision aluminum extrusion products which could not be produced by most of our competitors. However, to the extent that we encounter difficulties in achieving increased production volumes relative to our existing capacity, it could have a material adverse effect on our business and results of operations.

## FINANCIAL INFORMATION

### PRINCIPAL INCOME STATEMENT COMPONENTS

#### Revenue

All of our revenue is generated from the sale of aluminum extrusion products. Our aluminum extrusion products are broadly classified into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

The following table shows our revenue and sales volume by product categories for the years indicated:

	For the year ended December 31,					
	2006		2007		2008	
<b>Revenue (RMB million)</b>						
Industrial aluminum extrusion products . . . . .	1,613.6	26.6%	2,787.5	37.1%	6,224.9	55.3%
Construction aluminum extrusion products . . . . .	4,461.6	73.4%	4,733.7	62.9%	5,039.6	44.7%
<b>Total . . . . .</b>	<b>6,075.2</b>	<b>100.0%</b>	<b>7,521.3</b>	<b>100.0%</b>	<b>11,264.4</b>	<b>100.0%</b>
<b>Sales volume (tons)</b>						
Industrial aluminum extrusion products . . . . .	56,342.5	21.1%	92,204.1	30.0%	201,483.6	46.8%
Construction aluminum extrusion products . . . . .	210,136.6	78.9%	215,194.2	70.0%	229,373.3	53.2%
<b>Total . . . . .</b>	<b>266,479.1</b>	<b>100.0%</b>	<b>307,398.3</b>	<b>100.0%</b>	<b>430,856.9</b>	<b>100.0%</b>

#### Cost of sales

Our cost of sales consists of the direct costs of production which include the following:

- Purchases of major raw materials;
- Depreciation costs;
- Other manufacturing and packaging materials;
- Utilities;
- Labor costs relating to production;
- Change in inventories (which represents the difference between the inventory balances as of the beginning and end of each year-end dates); and
- Other production costs.

## FINANCIAL INFORMATION

The following table sets out the principal components of our cost of sales in RMB and as a percentage of our total cost of sales for the years indicated.

	For the year ended December 31,					
	2006		2007		2008	
	RMB'000	% of cost of sales	RMB'000	% of cost of sales	RMB'000	% of cost of sales
Purchases of major raw materials . . . . .	4,097,054	82.5	4,852,568	82.2	6,784,237	83.1
Depreciation costs . . . . .	244,426	4.9	246,316	4.2	303,668	3.7
Other manufacturing and packaging materials . . . . .	243,482	4.9	309,990	5.2	424,486	5.2
Utilities . . . . .	147,908	3.0	142,578	2.4	220,800	2.7
Labor costs . . . . .	40,378	0.8	49,318	0.8	60,791	0.8
Change in inventories . . . . .	127,401	2.6	236,216	4.0	300,827	3.7
Other production costs . . . . .	65,030	1.3	69,569	1.2	67,325	0.8
<b>Total . . . . .</b>	<b><u>4,965,679</u></b>	<b><u>100.0</u></b>	<b><u>5,906,555</u></b>	<b><u>100.0</u></b>	<b><u>8,162,134</u></b>	<b><u>100.0</u></b>

### Gross profit

During the Track Record Period, our gross profit, which is equal to revenue less cost of sales, was approximately RMB1,109.5 million, RMB1,614.7 million and RMB3,102.3 million, respectively. Our gross profit margin, which is equal to gross profit divided by revenue, was approximately 18.3%, 21.5% and 27.5%, respectively, for the same period. The increases in our gross profit and gross profit margin during the Track Record Period were mainly due to changes in product mix, increases in average selling prices of our products and economies of scale achieved during the same period.

The following table sets out our gross profit and gross profit margin by product category for the years indicated:

	For the year ended December 31,					
	2006		2007		2008	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Industrial aluminum extrusion products . . . . .	508,410	31.5	1,006,248	36.1	2,478,646	39.8
Construction aluminum extrusion products . . . . .	601,136	13.5	608,463	12.9	623,649	12.4
<b>Total . . . . .</b>	<b><u>1,109,546</u></b>	<b><u>18.3</u></b>	<b><u>1,614,711</u></b>	<b><u>21.5</u></b>	<b><u>3,102,295</u></b>	<b><u>27.5</u></b>



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## FINANCIAL INFORMATION

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### **Investment income**

Our investment income mainly consists of interest on bank deposits and dividend income from investments held for trading. As of December 31, 2006, 2007 and 2008, our total amount of bank deposits (including pledged bank deposits) was RMB3,251.3 million, RMB3,959.7 million and RMB5,492.6 million, respectively.

### **Other income**

Our other income primarily includes government subsidies, gain on the sale of scrap materials and consumables, rental income, gain on disposal of leasehold land, gain on change in fair value of investments held for trading, and others. Government subsidies mainly represent subsidies received from the Finance Bureau of Liaoyang City, the PRC for our expenditure in technological research and market development. We have received government subsidies in recognition of the contributions we made to the local economy in Liaoyang with respect to the establishment of infrastructure and the contribution we made in relation to the development of the manufacturing technologies and processes and to subsidize us for our business development expenses. These subsidies are made on a discretionary basis, and they are one-off and non-recurrent. There are no unfulfilled conditions or contingencies attached to the government subsidies currently reflected in our financial statements. Our rental income primarily consists of income generated from leasing our properties in Dalian, China until we sold such properties in April 2008. During the Track Record Period, our gross rental income from investment properties increased significantly mainly due to increases in occupancy rates and rental rates.

### **Selling and distribution costs**

Our selling and distribution costs primarily consist of transportation costs paid to third-party transportation vendors, marketing staff costs and marketing expenses. Selling and distribution costs represented approximately 1.9%, 1.6% and 1.5% of our total revenue during the Track Record Period, respectively. Our Directors consider the overall decrease in selling and distribution costs as a percentage of our total revenue was mainly due to economies of scale achieved during those periods.

During the Track Record Period, the largest components of our selling and distribution costs were marketing expenses which included costs related to our advertisements in industry journals and technical publications and on television networks and airport billboards, and our routine participation in various industry exhibitions and seminars in China.

### **Administrative and other operating expenses**

Our administrative and other operating expenses primarily consist of salaries for administrative staff, various employee welfare contributions, subsidies, housing and social insurance for administrative staff, depreciation of office equipment, entertainment expenses and miscellaneous expenses related to administration. Administrative and other operating expenses represented approximately 1.3%, 1.1% and 1.0% of our total revenue during the Track Record Period, respectively.

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## FINANCIAL INFORMATION

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### Finance costs

Finance costs consist of interest payments on bank loans, bills payable, and short-term debenture. Finance costs represented approximately 3.4%, 3.9% and 2.5% of our total revenue during the Track Record Period, respectively.

### Taxation

Our effective tax rate for each of the three years ended December 31, 2008 was approximately 28.3%, 27.4% and 27.7%, respectively.

#### *PRC income tax*

The fluctuations in our effective tax rate are primarily due to changes in tax adjustments during the Track Record Period. The tax rate applicable to our PRC subsidiary can be found at note 11 to "Appendix I – Accountants' Report" to this prospectus. There are recent changes in the PRC tax laws which took effect as of January 1, 2008. For details of the effect of the new PRC tax laws, see "Risk Factors – Risks Relating to Doing Business in the PRC – Recent changes in the PRC tax laws have decreased the tax rate applicable to our business; however, any future changes to the tax incentive we currently enjoy or any other changes to the PRC tax laws could adversely effect our financial condition and results of operations."

#### *Cayman Islands profits tax*

We are not subject to Cayman Islands profits tax as we had no assessable income arising in or derived from the Cayman Islands during the Track Record Period.

#### *Hong Kong profits tax*

We are not subject to Hong Kong profits tax as we had no assessable income arising in or derived from Hong Kong during the Track Record Period.

### CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENT

The financial information presented here has been prepared under a historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The financial information has been prepared in accordance with the following accounting policies which conform to IFRS issued by the International Accounting Standards Board. These policies have been consistently applied throughout the Track Record Period. In addition, the financial information includes applicable disclosures required by the Hong Kong Listing Rules and the Companies Ordinance.

Our reported financial performance and financial conditions are affected by the relevant accounting policies, assumptions and estimates adopted in the preparation of the financial statements. In reporting our financial performance and conditions, our Directors are required to exercise their judgment, based on their experience, knowledge of other companies in our industry and on other assumptions which they consider to be reasonable. Our Directors believe that the following principal accounting policies involve the most significant judgment and estimates adopted in the preparation of our financial statements. Such judgment and estimates have not been changed significantly during the Track Record Period and will only be adjusted reasonably to account for market developments or changes in future.

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## FINANCIAL INFORMATION

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### **Revenue recognition**

Revenue is measured as fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes. We charge our customers on a “cost-plus” basis, under which the selling price for our aluminum extrusion products is based on a processing fee plus (i) the weighted average SHFE spot-month price for aluminum ingots prevailing on the order date for our major domestic customers, (ii) the monthly weighted average price of aluminum ingots traded on the SHFE in the preceding month for the four state-owned customers which are the major suppliers of the MOR and other domestic customers, or (iii) the LME three-month mean price for aluminum alloy ingots prevailing on the order date for our international customers. Our processing fee varies according to the complexity of product design, level of precision of the product, size of the contract, trading history and relationship with the customer, and overall market condition and demand.

Revenue from sales of goods is recognized only when goods are delivered and title has passed to the customer, which is at the date when the customer receives and accepts the goods, either from us through direct sales or from our distributors. We recognize revenue upon delivery of goods by the distributor to the customer. During the Track Record Period, there was no sales return from our customers and distributors.

Rental income from leasing of premises is recognized on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible. Our liability for current tax is calculated using the tax rate that has been enacted or substantively enacted as of the balance sheet date.

### **Property, plant and equipment**

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction-in-progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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## FINANCIAL INFORMATION

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Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction-in-progress) over their estimated useful lives and takes into account their estimated residual value, using the straight-line method. The useful lives are estimated based on our experience with similar assets taking into account anticipated technological changes. We review on an annual basis and adjust, if appropriate, the assets depreciation methods, estimated useful lives, residual values and rate of depreciation.

Construction-in-progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction-in-progress is carried at cost less any recognized impairment loss. Construction-in-progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognized.

### **Allowance for bad and doubtful debts**

Allowances of trade and other receivables are estimated by assessing their recoverability based on credit history, ageing of the receivables, historical write-off experience and the prevailing market condition. This requires the use of estimates and judgments. Trade and other receivables are reviewed at each balance sheet date to determine whether additional allowance or reversal is required.

For the Track Record Period, allowance for bad and doubtful debts in respect of trade receivables was RMB1.5 million, RMB0.6 million and RMB47,000, respectively. The continued reduction in allowance for bad and doubtful debts in respect of trade receivables in the following periods primarily resulted from our improved ability to collect payments from customers more quickly by frequently contacting customers who have outstanding overdue invoices and requesting cash on delivery for our sales to customers with whom we have not developed a long-term relationship.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

The cost of inventories includes the cost of raw materials and other manufacturing overhead. Net realizable value of inventories is the estimated selling price in the ordinary course of business. Such estimates are determined by reference to the current market condition and the historical experience of selling merchandise of a similar nature. The estimates are reassessed on each balance sheet date.

## FINANCIAL INFORMATION

### RESULTS OF OPERATIONS

The following table sets forth our results of operations for the years indicated:

	For the year ended December 31,		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Revenue . . . . .	6,075,225	7,521,266	11,264,429
Cost of sales . . . . .	<u>(4,965,679)</u>	<u>(5,906,555)</u>	<u>(8,162,134)</u>
Gross profit . . . . .	1,109,546	1,614,711	3,102,295
Investment income . . . . .	51,619	42,062	74,107
Other income . . . . .	9,256	13,455	32,999
Selling and distribution costs . . . . .	(115,725)	(122,442)	(169,921)
Administrative and other operating expenses . . . . .	(77,547)	(84,851)	(108,946)
Finance costs . . . . .	<u>(208,598)</u>	<u>(289,585)</u>	<u>(286,573)</u>
Profit before taxation . . . . .	768,551	1,173,350	2,643,961
Taxation . . . . .	<u>(217,125)</u>	<u>(321,192)</u>	<u>(733,523)</u>
Profit for the year . . . . .	<u>551,426</u>	<u>852,158</u>	<u>1,910,438</u>
Dividends			
– recognized as distributions during the year . . . . .	<u>–</u>	<u>–</u>	<u>2,000,000</u>
– proposed . . . . .	<u>–</u>	<u>–</u>	<u>1,000,000</u>
Earnings per share			
Basic (RMB) . . . . .	<u>0.14</u>	<u>0.21</u>	<u>0.48</u>

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## FINANCIAL INFORMATION

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### 2008 compared to 2007

#### **Revenue**

Revenue increased by 49.8% from RMB7,521.3 million in 2007 to RMB11,264.4 million in 2008. The increase in revenue was mainly due to the significant increase in sales volume and average selling price of our industrial aluminum extrusion products caused by increased processing fees charged to our customers, resulting primarily from increased market demand for our industrial aluminum extrusion products used in the transportation sectors, particularly for railway cargo and metropolitan rails that command higher processing fees. Revenue generated from our industrial aluminum extrusion products increased significantly by 123.3% from RMB2,787.5 million in 2007 to RMB6,224.9 million in 2008. Revenue generated from our construction aluminum extrusion products increased by 6.5% from RMB4,733.7 million in 2007 to RMB5,039.6 million in 2008. Our total sale volume increased from 307,398.3 tons in 2007 to 430,856.9 tons in 2008, and our average selling price was RMB24,467.5 per ton in 2007 as compared to RMB26,144.3 per ton in 2008. The average selling price of our industrial aluminum extrusion products increased from RMB30,232 per ton in 2007 to RMB30,895 per ton in 2008, while the average selling price of our construction aluminum extrusion products decreased slightly from RMB21,998 per ton in 2007 to RMB21,971 per ton in 2008. The increase in average selling price of our industrial aluminum extrusion products was primarily due to an increase in processing fees we charged for our products.

#### **Cost of sales**

Cost of sales increased by 38.2% from RMB5,906.6 million in 2007 to RMB8,162.1 million in 2008, primarily as a result of increased sales volume. The increase in cost of sales was smaller than the increase in revenue primarily due to the fact that the average selling price of our products increased more during the year than the increase in unit cost. Cost of sales of our industrial aluminum extrusion products increased significantly by 110.3% from RMB1,781.3 million in 2007 to RMB3,746.2 million in 2008, while cost of sales of our construction aluminum extrusion products increased by 7.0% from RMB4,125.3 million in 2007 to RMB4,415.9 million in 2008.

#### **Gross profit**

Our gross profit increased by 92.1% from RMB1,614.7 million in 2007 to RMB3,102.3 million in 2008. Our overall gross profit margin increased from 21.5% in 2007 to 27.5% in 2008. The gross profit margin of our industrial aluminum extrusion products increased from 36.1% in 2007 to 39.8% in 2008, mainly because certain of our large aluminum extrusion presses commenced production in 2008, allowing us to produce large-section, high-precision aluminum extrusion products, which enhances our market competitiveness, increases market demand of our industrial aluminum extrusion products, particularly those used in transportation sectors, and hence, increases the average selling prices of our industrial aluminum extrusion products. The gross profit margin of our construction aluminum extrusion products decreased slightly from 12.9% in 2007 to 12.4% in 2008.

#### **Investment income**

Investment income increased by 76.2% from RMB42.1 million in 2007 to RMB74.1 million in 2008. This increase was mainly due to increases in our average pledged bank deposits and bank balances and increased average interest rate for our pledged bank deposits during the year.

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### ***Other income***

Other income increased significantly by 145.3% from RMB13.5 million in 2007 to RMB33.0 million in 2008 mainly due to (i) an increase in government subsidies from RMB3.2 million in 2007 to RMB12.7 million in 2008, and (ii) a RMB19.8 million income from Hong Cheng for its right to use our “Zhongwang” trademark in China. The aggregate amount of government subsidies we received each year is determined solely by the relevant PRC authorities and is made on a discretionary basis. Historically, prior to the commencement of and during the Track Record Period, Hong Cheng and Zhongwang PRC were owned by the Controlling Shareholder Group and both Zhongwang PRC and Hong Cheng have contributed to the development of the “Zhongwang” brand in China. Therefore, no trademark fees were charged to Hong Cheng by Zhongwang PRC for the use of the “Zhongwang” trademark prior to 2008. Pursuant to an agreement entered into by Zhongwang PRC and Hong Cheng in March 2008, a fee was charged to Hong Cheng for its use of the “Zhongwang” trademark in 2008. For details regarding the usage of our trademark by Hong Cheng, please refer to the section headed “Relationship with our Controlling Shareholder and continuing connected transactions – Relationship with our Controlling Shareholder – I. Information on our Controlling Shareholder – 4. Hong Cheng” in this prospectus. This increase was partially offset by (i) sales of leasehold land in 2007 which caused a gain on disposal of leasehold land of RMB7.4 million in 2007 compared to no such gain in 2008, (ii) sales of certain rental properties in March 2008 which caused a decrease in rental income from RMB1.2 million in 2007 to RMB0.1 million in 2008, and (iii) a RMB1.2 million gain in 2007 from a waiver of accounts payable, representing the amount owed to certain suppliers which were dissolved, bankrupted or relocated elsewhere and we were unable to locate and pay such amount to the appropriate parties, and we did not have any such gain in 2008.

### ***Selling and distribution costs***

Selling and distribution costs increased by 38.8% from RMB122.4 million in 2007 to RMB169.9 million in 2008. This increase was mainly due to increases in marketing expenses, resulting from our increased promotion activities and salaries for our sales staff caused by higher average annual remuneration, which increased from RMB64,464 in 2007 to RMB72,876 in 2008.

### ***Administrative and other operating expenses***

Administrative and other operating expenses increased by 28.4% from RMB84.9 million in 2007 to RMB108.9 million in 2008. This increase was primarily due to increases in salaries paid to our Directors, senior management and administrative employees from RMB0.5 million in 2007 to RMB7.5 million in 2008 mainly attributable to our management retention effort, additional responsibilities and workload of our Directors and senior management for managing our fast growing businesses and the appointment of new Directors in 2008, foreign exchange loss, allowance for bad and doubtful debts in respect of other receivables and fees paid to banks in connection with bank loans and short-term debentures, partially offset by decreases in the amount of employee benefit expenses, loss on disposal of fixed assets and depreciation. We experienced an increase in foreign exchange loss mainly due to certain sales to overseas customers which were denominated in U.S. dollars, Euros, Australian dollars and British pounds. As we typically granted an average credit period of 90 days to our customers, we experienced exchange loss if the exchange rate upon settlement was different from the exchange rate we adopted at the time of revenue recognition. During the Track Record Period, sales denominated in currencies other than Renminbi accounted for 7.2%, 5.3% and 3.3% of our total revenue, respectively.

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### ***Finance costs***

Our finance costs decreased slightly by 1.0% from RMB289.6 million in 2007 to RMB286.6 million in 2008. This slight decrease was mainly due to a decrease in interest expense related to a reduced amount of bills payable resulting from the cessation of overstated bill financing activities in November 2007, partially offset by increases in interest paid with respect to our bank loans and short-term debentures.

### ***Profit before taxation***

Our profit before tax increased significantly by 125.3% from RMB1,173.4 million in 2007 to RMB2,644.0 million in 2008. This increase was primarily due to the significant increase in revenue and other factors as described above.

### ***Taxation***

Our income tax expense increased significantly by 128.4% from RMB321.2 million in 2007 to RMB733.5 million in 2008 mainly due to an increase in profit before taxation. Our effective tax rates in 2007 and 2008 were 27.4% and 27.7%, respectively.

### ***Profit for the year***

Our profit for the year increased significantly by 124.2% from RMB852.2 million in 2007 to RMB1,910.4 million in 2008. This increase was primarily due to an increase in our sales revenue. Our net profit margin increased from 11.3% in 2007 to 17.0% in 2008.

## **2007 compared to 2006**

### ***Revenue***

Revenue increased by 23.8% from RMB6,075.2 million in 2006 to RMB7,521.3 million in 2007. The increase in revenue was mainly due to the increase in sales volume and average selling prices of our products as a result of increased market demand, particularly for our industrial aluminum extrusion products. Revenue generated from our industrial aluminum extrusion products increased significantly by 72.7% from RMB1,613.6 million in 2006 to RMB2,787.5 million in 2007. Revenue generated from our construction aluminum extrusion products increased by 6.1% from RMB4,461.6 million in 2006 to RMB4,733.7 million in 2007, mainly reflecting the increased sales volume of our construction aluminum extrusion products. Our total sale volume increased from 266,479.1 tons in 2006 to 307,398.3 tons in 2007, primarily reflecting our increased production volume as a result of increased production capacity of aluminum extrusion products. Our average selling price was RMB24,467.5 per ton in 2007 as compared to RMB22,798.1 per ton in 2006, primarily reflecting increased purchase cost of aluminum ingots and processing fees. The average selling price of our industrial aluminum extrusion products increased from RMB28,640 per ton in 2006 to RMB30,232 per ton in 2007, while the average selling price of our construction aluminum extrusion products increased from RMB21,232 per ton in 2006 to RMB21,998 per ton in 2007.



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### ***Cost of sales***

Cost of sales increased by 18.9% from RMB4,965.7 million in 2006 to RMB5,906.6 million in 2007, primarily as a result of increased sales volume and increased per unit cost of aluminum ingots, reflecting the increase in commodity prices traded on the SHFE and the LME. This increase in cost of sales was smaller than the increase in revenue, mainly due to economies of scale achieved and the fact that the increase in average selling prices of our industrial aluminum extrusion products was greater than the increase in unit cost. In line with our revenue growth, cost of sales of our industrial aluminum extrusion products increased significantly by 61.2% from RMB1,105.2 million in 2006 to RMB1,781.3 million in 2007, while cost of sales of our construction aluminum extrusion products increased by 6.9% from RMB3,860.4 million in 2006 to RMB4,125.3 million in 2007.

### ***Gross profit***

Our gross profit increased by 45.5% from RMB1,109.5 million in 2006 to RMB1,614.7 million in 2007. Our overall gross profit margin increased from 18.3% in 2006 to 21.5% in 2007. The gross profit margin of our industrial aluminum extrusion products increased from 31.5% in 2006 to 36.1% in 2007, mainly due to increased average selling prices of our industrial aluminum extrusion products, while the gross profit margin of our construction aluminum extrusion products decreased from 13.5% in 2006 to 12.9% in 2007.

### ***Investment income***

Investment income decreased by 18.4% from RMB51.6 million in 2006 to RMB42.1 million in 2007. This decrease was primarily due to decreased pledged bank deposits resulting from the reduced amount of bills payable during the period, partially offset by an increase in dividend income from trading activities.

### ***Other income***

Other income increased by 45.2% from RMB9.3 million in 2006 to RMB13.5 million in 2007 mainly due to (i) a gain on disposal of leasehold land from nil in 2006 to RMB7.4 million in 2007, resulting from the transfer of land use rights of a certain piece of land in Liaoyang to a local real estate developer; (ii) an increase in rental income from RMB0.6 million in 2006 to RMB1.2 million in 2007; and (iii) a RMB1.2 million gain from a waiver of accounts payable, representing the amount owed to certain suppliers which were dissolved, bankrupted or relocated elsewhere and we were unable to locate and pay such amount to the appropriate parties. As a result, we recorded such amount as a waiver of accounts payable in our financial statements for the year ended December 31, 2007. This increase was partially offset by (i) a decrease in government subsidies from RMB5.4 million in 2006 to RMB3.2 million in 2007, resulting from the reduced amount of subsidies granted by the PRC government; and (ii) a decrease in gain on sales of scrap materials and consumables from RMB1.1 million in 2006 to RMB0.5 million in 2007, due to the reduction of our sales of such items.

### ***Selling and distribution costs***

Selling and distribution costs increased by 5.8% from RMB115.7 million in 2006 to RMB122.4 million in 2007. This increase resulted primarily from increases in depreciation and marketing expenses, resulting from our expanded marketing efforts to promote our products and increased salaries for our sales staff due to higher headcount.

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### ***Administrative and other operating expenses***

Administrative and other operating expenses increased by 9.4% from RMB77.5 million in 2006 to RMB84.9 million in 2007. This increase was primarily due to an increase of RMB5.6 million in the loss from the disposal of fixed assets in 2007 and an increase in the amount of depreciation, staff salaries, employee benefit expenses and payment of social insurance mandated under PRC laws.

### ***Finance costs***

Our finance costs increased by 38.8% from RMB208.6 million in 2006 to RMB289.6 million in 2007. This increase was primarily due to (i) an increase of RMB48.8 million in interest expense for bank borrowings, which was mainly due to an increase in outstanding bank borrowings; and (ii) an increase in interest expense for short-term debenture from RMB1.2 million in 2006 to RMB50.9 million in 2007, reflecting the interest incurred in relation to the RMB668.5 million short-term debenture issued in December 2006, and the additional RMB593.6 million short-term debenture issued in April 2007. This increase was partially offset by a decrease in interest expense related to a reduced amount of bills payable.

### ***Profit before taxation***

Our profit before tax increased by 52.7% from RMB768.6 million in 2006 to RMB1,173.4 million in 2007. This increase was primarily due to an increase in revenue and other factors as described above.

### ***Taxation***

Our income tax expense increased by 48.0% from RMB217.1 million in 2006 to RMB321.2 million in 2007 mainly due to an increase in profit before taxation. Our effective tax rates in 2006 and 2007 were 28.3% and 27.4%, respectively.

### ***Profit for the year***

Our profit for the year increased by 54.6% from RMB551.4 million in 2006 to RMB852.2 million in 2007. This increase was primarily due to an increase in our sales revenue. Our net profit margin increased from 9.1% in 2006 to 11.3% in 2007.

## **LIQUIDITY AND CAPITAL RESOURCES**

Based on our current and anticipated levels of operations and conditions in the markets and industry, we believe that our proceeds from this Global Offering, our cash and bank deposits, cash flow from operations, our banking relationships and future financings will enable us to meet our working capital, capital expenditures, and other funding requirements for the foreseeable future. However, our ability to fund our working capital needs, repay our indebtedness and finance other obligations depend on our future operating performance and cash flow, which are in turn subject to prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. Any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, if at all.

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In general, we have the ability to generate adequate cash from our operations to fund our ongoing operating cash needs and the continuing expansion of our business. We may use short-term bank borrowings to finance operations and repay bank borrowings once our funding position is in surplus. We have not experienced and do not expect to experience any difficulties meeting our obligations as they become due. We will use part of the proceeds from the Global Offering to fulfill our capital commitments for future expansion.

We had bank balances and cash of RMB1,711.7 million, RMB2,833.5 million and RMB4,261.8 million as of December 31, 2006, 2007 and 2008, respectively.

We had net current assets of approximately RMB11.2 million as of December 31, 2008. We had net current liabilities of approximately RMB260.9 million and RMB207.0 million as of December 31, 2006 and 2007, respectively, primarily due to our large amounts of borrowings, comprising mainly short-term borrowings from commercial banks in the PRC and bills payable.

As of December 31, 2008, our net current assets were approximately RMB11.2 million. The key components of our current assets as of such date included pledged bank deposits of RMB1,230.8 million, bank balances and cash of RMB4,261.8 million, trade receivables of RMB523.9 million, other receivables, deposits and prepayments of RMB2,386.9 million and inventories of RMB1,058.8 million. The key components of our current liabilities included bank borrowings of RMB2,640.6 million, bills payables of RMB2,351.2 million, short-term debentures of RMB2,000.0 million and dividend payable of RMB2,000.0 million.

### Cash flows

We conduct substantially all of our operations through our operating subsidiary Zhongwang PRC. Cash flows generated by our operating subsidiary on a stand-alone basis may differ significantly from that presented in our consolidated cash flow statements.

The following table sets forth certain information regarding our consolidated cash flows for the years indicated:

	<b>For the year ended December 31,</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Net cash from operating activities . . . . .	940,521	1,938,013	3,158,865
Net cash (used in) from investing activities. . .	(994,194)	(117,734)	37,374
Net cash from (used in) financing activities . .	398,285	(698,408)	(1,767,965)
Cash and cash equivalents			
at beginning of year <sup>(1)</sup> . . . . .	1,367,060	1,711,672	2,833,543
Cash and cash equivalents			
at end of year <sup>(1)</sup> . . . . .	1,711,672	2,833,543	4,261,817

(1) The balances represented our bank and cash balances as of each of the year-end dates during the Track Record Period.

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### **Net cash from operating activities**

We derive our net cash inflow from operating activities primarily through the receipt of payments for the sale of our aluminum extrusion products. Our cash outflow from operating activities is used primarily for raw material purchases, payment of utilities, selling and distribution costs, and staff salaries.

Our net cash flow generated from operating activities reflects our profit before taxation, as adjusted for non-cash items, such as depreciation, and the effects of changes in working capital, such as increases or decreases in trade and other receivables, accruals and other payables, and income tax payment.

In 2008, we had net cash from operating activities in the amount of RMB3,158.9 million, primarily as a result of RMB2,644.0 million in profit before taxation, a RMB1,455.0 million increase in bills payable, a RMB250.2 million decrease in inventories, a decrease in trade receivables of RMB162.7 million and an increase in trade payables of RMB1.0 million, partially offset by a RMB1,176.1 million increase in other receivables, deposits and prepayments. The increase in bills payable was primarily attributable to our increased purchases of raw materials, reflecting the increases in sales and production volume. The decrease in inventories was primarily attributable to decreased inventory of work-in-progress and finished goods due to the fact that we sold more products than we produced during the period. The decrease in trade receivables was mainly a result of our improved collections of trade receivables, resulting from frequent follow-ups with customers who had outstanding overdue invoices. The increase in trade payables was mainly attributable to increased sale volumes. The increase in other receivables, deposits and prepayments was mainly due to increased deposits paid to suppliers to secure supplies of raw materials.

In 2007, we had net cash from operating activities in the amount of RMB1,938.0 million, primarily as a result of RMB1,173.4 million in profit before taxation, a RMB306.9 million increase in bills payable, a RMB236.2 million decrease in inventories, and an increase in other payables and accrued charges of RMB52.0 million, partially offset by a RMB93.6 million decrease in amounts due to related parties and an increase in trade receivables of RMB48.6 million. The increase in bills payable was primarily attributable to increased amount of raw material purchases, resulting from our increased production volume. The decrease in inventories was primarily attributable to decreased inventory of raw materials, work-in-progress and finished goods due to our significantly increased sales and improved inventory control in 2007. The increase in other payables and accrued charges was mainly attributable to an increase in VAT. The decrease in amounts due to related parties was primarily because we repaid certain advances due to related parties. The increase in trade receivables was mainly a result of our increased sales to customers.

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In 2006, we had net cash from operating activities in the amount of RMB940.5 million, primarily as a result of RMB768.6 million in profit before taxation, a RMB151.2 million increase in bills payable, a RMB127.4 million decrease in inventories, and a RMB83.5 million decrease in trade receivables, partially offset by a RMB451.5 million increase in other receivables, deposits and prepayments and a RMB77.0 million decrease in trade payables. The increase in bills payable was mainly a result of our increased raw material purchases. The decrease in inventories was primarily attributable to decreased inventory of finished goods because we sold more products than we produced in 2006. The decrease in trade receivables was mainly attributable to increased cash sales and our improved collections of trade receivables in 2006, resulting from frequent follow-ups with customers who had outstanding overdue invoices. The increase in other receivables, deposits and prepayments was primarily attributable to increased deposits paid to suppliers to secure supplies of raw materials. The decrease in trade payables was primarily because we settled trade payables with respect of purchases of raw materials.

### **Net cash (used in) from investing activities**

Our cash inflow from investing activities primarily consists of amounts due from related parties and interest income. Our cash outflow from investing activities primarily consists of purchases of property, plant and equipment, and deposits paid for acquisition of property, plant and equipment.

In 2008, we had net cash from investing activities of RMB37.4 million, primarily as a result of RMB150.4 million in proceeds from disposal of property, plant and equipment, RMB50.2 million in proceeds from disposal of leasehold land, RMB74.1 million in interest received, and RMB25.1 million in proceeds from disposal of investment properties, partially offset by a RMB104.6 million increase in pledged bank deposits and RMB142.2 million for the purchase of property, plant and equipment.

In 2007, we had net cash used in investing activities of RMB117.7 million, primarily as a result of RMB356.9 million for deposits paid for acquisition of property, plant and equipment and RMB354.8 million for the purchase of property, plant and equipment, partially offset by a RMB413.5 million decrease in pledged bank deposits, a RMB128.7 million decrease in amounts due from related parties, and RMB39.2 million in interest received.

In 2006, we had net cash used in investing activities of RMB994.2 million, primarily as a result of RMB870.5 million for the purchase of property, plant and equipment, RMB329.6 million for deposits paid for acquisition of property, plant and equipment and a RMB140.4 million increase in amounts due from related parties, partially offset by a RMB249.1 million decrease in pledged bank deposits, RMB53.9 million in proceeds from disposal of property, plant and equipment and RMB51.5 million in interest received.

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### **Net cash from (used in) financing activities**

In 2008, net cash used in financing activities was RMB1,768.0 million, mainly as a result of RMB4,730.0 million in repayment of borrowings, RMB2,026.9 million in payment to Liaoyang Factory related to our Reorganization, a RMB1,561.2 million decrease in amounts due to related parties, RMB600.0 million in repayment of short-term debenture and RMB230.9 million in interest paid, partially offset by RMB3,354.1 million in new borrowings, RMB2,000.0 million in short-term debentures sold and RMB2,026.9 million from the issuance of new shares. For further details regarding the new share issuance, please refer to note 30 to the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

In 2007, net cash used in financing activities was RMB698.4 million, primarily as a result of a RMB5,137.5 million repayment of borrowings, RMB700.0 million in repayment of short-term debenture and RMB258.1 million in interest paid, partially offset by RMB4,798.0 million in new borrowings raised and RMB593.6 million in short-term debenture raised. The repayments of bank borrowings and short-term debenture were made in accordance with the terms of each of these financing arrangements.

In 2006, we had net cash from financing activities in the amount of RMB398.3 million, primarily as a result of RMB668.5 million in short-term debenture raised and RMB9,724.3 million new borrowings raised, partially offset by repayment of borrowings of RMB9,441.4 million, a RMB344.5 million decrease in amounts due to related parties and RMB208.6 million in interest paid.

### **Working capital**

We seek to effectively manage our cash flow and capital commitments and to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to cash generated from our operations, we have maintained long-term relationships with PRC commercial banks and believe that we will be able to roll over our existing short-term loans upon their maturity, if necessary, based on our past repayment and credit history. In assessing our ability to roll over our existing short-term loans, we have taken into account the adverse global financial crisis and have renewed certain existing short-term borrowings, some of which with greater loan amount, with the relevant banks in the aggregate amount of RMB1,327.3 million during the period from July 1, 2008 to February 28, 2009.

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As of February 28, 2009, the date being the latest practicable date in respect of the information below, we had unutilized credit facilities in a total amount of RMB1,233.1 million, details of which are set forth below:

Lender	Amount of Unutilized Credit Facilities (in million of RMB)	Due Date
Agricultural Bank of China, Hongwei Branch <sup>(1)</sup> . . . . .	528.0	May 19, 2009
China Everbright Bank, Dalian Branch . . . . .	8.0	June 5, 2009
Bank of Jilin Co., Ltd. . . . .	430.0	June 26, 2009
Bank of Communications, Liaoyang Branch . . . . .	213.0	May 21, 2009
China Merchants Bank, Dalian Branch, Xinghai Sub-Branch . . . . .	35.0	August 26, 2009
Dalian City Commercial Bank, Zhongshan Sub-Branch . . . . .	19.1	October 29, 2009
<b>Total</b> . . . . .	<b>1,233.1</b>	

Note:

- (1) As of February 28, 2009, we had a revolving banking facility granted by the Agricultural Bank of China in the aggregate amount of RMB1,700.0 million, of which approximately RMB1,172.0 million had been drawn down by us as short-term bank loans, with the remaining unutilized amount of RMB528.0 million. Such banking facility is valid until May 19, 2009. An aggregate amount of RMB184.7 million will fall due prior to May 19, 2009, and we intend to repay such amount to the Agricultural Bank of China incrementally from cash to be generated from our operating activities. We have received written confirmation from the Agricultural Bank of China that amounts repaid by us before May 19, 2009 will be available for drawdown for another year from its repayment date. If we repay RMB184.7 million to the Agricultural Bank of China as scheduled prior to May 19, 2009, such amount will be available to us for drawdown to finance our business operations and is repayable beyond the 12-month period from the date of this prospectus. We also plan to extend certain other existing banking facilities with the relevant banks.

Subsequently, in March 2009, we obtained a one-year revolving banking facility from Industrial and Commercial Bank of China, Anshan Branch, in the aggregate amount of RMB700 million.

In addition, we actively explore alternative means to raise capital. For example, we raised approximately RMB668.5 million and RMB593.6 million through the issuance of short-term debentures in December 2006 and April 2007, respectively, all of which were repaid in full. In addition, we issued one-year, short-term debentures in July and August 2008 in exchange for aggregate cash consideration of RMB2,000.0 million.

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As of February 28, 2009, the date being the latest practicable date for the purpose of the indebtedness statement in this prospectus, our net current assets were approximately RMB507.0 million, comprising the following:

	<b>As of February 28, 2009 RMB'000 (unaudited)</b>
<b>Current assets</b>	
Inventories . . . . .	1,127,712
Trade receivables . . . . .	620,985
Other receivables, deposits and prepayments . . . . .	1,603,612
Prepaid lease payments . . . . .	1,472
Amounts due from related parties . . . . .	3,200
Held-for-trading investments . . . . .	1,531
Pledged bank deposits . . . . .	1,277,493
Bank balances and cash . . . . .	5,595,275
<b>Total current assets</b> . . . . .	10,231,280
<b>Current liabilities</b>	
Trade payables . . . . .	67,593
Bills payable . . . . .	2,434,200
Other payables and accrued charges . . . . .	291,985
Tax liabilities . . . . .	216,581
Short-term debentures . . . . .	2,000,000
Bank loans . . . . .	2,713,936
Dividend payable . . . . .	2,000,000
<b>Total current liabilities</b> . . . . .	9,724,295
<b>Net current assets</b> . . . . .	506,985

Note: In April 2009, our Company declared a final dividend for 2008 in the amount of RMB1.0 billion, and the dividend will be paid to ZIGL prior to the Listing. As such, our net current assets position may change.

Given our cash flow and cash position as of the date of this prospectus, and the availability of banking facilities, expected cash generated from our operations and the expected proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital for at least the next 12 months from the date of this prospectus.



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### Inventory analysis

During the Track Record Period, our inventory decreased each year primarily due to increased sales during such period. For the three years ended December 31, 2008, our average inventory turnover days decreased, primarily due to (i) our improved inventory management as we began trial implementation of our new SAP inventory tracking software in 2005 and made continuous improvement throughout the Track Record Period; and (ii) increased sales of our customized industrial aluminum extrusion products, which have shorter inventory turnover days than those of our construction aluminum extrusion products since we typically ship customized industrial aluminum extrusion products to our customers immediately after they are finished. The following table sets out a summary of our inventory balances as of the balance sheet dates indicated:

	<b>As of December 31,</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Raw materials . . . . .	81,122	54,757	30,385
Work-in-progress . . . . .	420,695	233,532	219,320
Finished goods . . . . .	<u>1,093,994</u>	<u>1,071,306</u>	<u>809,063</u>
 Total . . . . .	 <u>1,595,811</u>	 <u>1,359,595</u>	 <u>1,058,768</u>

Our inventory balance was RMB300.8 million lower as of December 31, 2008 compared to the balance as of December 31, 2007, and RMB236.2 million lower as of December 31, 2007 compared to the balance as of December 31, 2006, primarily due to our increased sales volume in these periods.

In respect of our subsequent usage of inventory after December 31, 2008, approximately 100%, 100% and 67.1% of our raw materials, work-in-progress and finished goods, respectively, had been utilized as of February 28, 2009. For certain standardized construction aluminum extrusion products, we have been maintaining a limited level of inventory of finished goods to satisfy customers' demand. As a result, some of the stocks being kept as of December 31, 2008 had not been sold as of February 28, 2009. There was no cancellation of orders from customers or quality defect of raw materials during the Track Record Period. In addition, we did not hold any obsolete stocks during the Track Record Period.

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The following table sets forth our average inventory turnover days for the years indicated:

	<b>For the year ended December 31,</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
Average Inventory Turnover (Days) <sup>(1)</sup> . . . . .	122	91	54

(1) Average inventory equals inventory at the beginning of the year plus inventory at the end of the year, divided by two. Turnover of average inventory (in days) equals average inventory divided by cost of sales for the relevant year and then multiplied by 365 days for each of the three years ended December 31, 2008.

The decrease in average inventory turnover days during the Track Record Period was primarily a result of the general increase in our business and our effort to maintain a low inventory level.

### **Trade receivable and trade payable**

Our trade receivable represents receivables from the sale of our products. Our trade payable represents amounts payable in connection with the purchase of materials necessary for our production and other raw materials from various suppliers.

The table below sets forth a breakdown of our trade receivables as of the balance sheet dates indicated.

	<b>As of December 31,</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables . . . . .	646,946	686,913	523,952
Less: Allowance for bad and doubtful debts . . . . .	(8,264)	(219)	(47)
	638,632	686,694	523,905

Our trade receivables increased from RMB638.7 million as of December 31, 2006 to RMB686.7 million as of December 31, 2007, primarily reflecting increased sales volumes of industrial aluminum extrusion products. Our trade receivables decreased from RMB686.7 million as of December 31, 2007 to RMB523.9 million as of December 31, 2008, mainly due to our improved collection activities during such period.

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The table below sets forth an aging analysis of trade receivables (net of allowance for bad and doubtful debts) as of the balance sheet dates indicated.

	<b>As of December 31,</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
1-90 days . . . . .	520,777	556,554	425,391
91-180 days . . . . .	63,849	115,275	92,818
181-365 days . . . . .	5,514	728	3,525
Over 365 days . . . . .	48,542	14,137	2,171
	<u>638,682</u>	<u>686,694</u>	<u>523,905</u>

We have a policy of allowing an average credit period of 90 days for customers with proven credit history. Trade receivables at the balance sheet dates mainly comprise amounts receivable from sales of our products. No interest is charged on the trade receivables.

As of February 28, 2009, approximately RMB275.8 million, or 52.7%, of our trade receivables as of December 31, 2008 were settled. The table below sets forth the subsequent settlement information of trade receivables for each of the following aging categories as of February 28, 2009:

	<b>RMB'000</b>
1-90 days . . . . .	213,293
91-180 days . . . . .	58,760
181-365 days . . . . .	1,618
Over 365 days . . . . .	2,172
	<u>275,843</u>

In determining impairment losses, we conduct regular monthly reviews of aging analysis and evaluation of collectibles on an individual basis. As of December 31, 2006, 2007 and 2008, trade receivables of RMB520.8 million, RMB556.6 million and RMB425.4 million, respectively, were neither past due nor impaired. We had trade receivables outstanding over 90 days amounting to RMB117.9 million, RMB130.1 million and RMB98.5 million, respectively, as of December 31, 2006, 2007 and 2008. The increase in trade receivables outstanding for 91-180 days as of December 31, 2007 compared to the amount outstanding as of December 31, 2006 was primarily due to one-time extended credit terms granted to certain distributors with whom we have established long-term relationships. All such amounts were fully settled prior to March 2008. The increase in trade receivables outstanding for 181-365 days as of December 31, 2008 compared to the amount outstanding as of December 31, 2007 was mainly due to business disruptions experienced by certain of our distributors, which were allowed to include "Zhongwang" in their company names and present themselves as our branches for marketing and product promotion purposes in the past. For details, please refer to the section headed "Business – Sales, Marketing and Distribution" in this prospectus. We have caused the company names of these entities to be changed, and as a result, the business operations of

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these entities were interrupted temporarily due to the time required to complete the name change procedures, including registrations with the relevant government agencies and banks. Since these entities were unable to transfer funds to and from their bank accounts until the completion of the name change procedures and registration with banks and government authorities, their ability to settle our account was delayed, causing an increase in trade receivables outstanding for 181-365 days as of December 31, 2008. The name change procedures and registration with the relevant government agencies and banks have been completed by these entities and the relevant outstanding amounts have been fully settled as of January 21, 2009.

We estimate that certain trade receivables unsettled over 90 days are still recoverable based on individual analyses of the relevant customers' credit history and financial position. As such, we did not consider those unsettled amounts as impaired during the Track Record Period. As of the Latest Practicable Date, substantially all of such amounts had been collected.

We have experienced default of settlements of trade receivables by our customers and have written off certain amount as uncollectible. We generally recognize overdue trade receivables as uncollectible upon bankruptcy or insolvency of a debtor where the overdue amounts cannot be settled against the property of such debtor or when the debtor has been in default for an extended period of time and sufficient evidence indicates that our ability to collect such trade receivables is remote. During the Track Record Period, after numerous collection attempts and efforts to seek repayment, we wrote off approximately RMB8.6 million and RMB0.2 million as uncollectible in 2007 and 2008, respectively, in respect of certain trade receivables. For further details, please refer to note 20 to the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

Since 2007, we have strengthened our credit control policies by setting up a designated team to manage trade receivables, which routinely monitors our existing customers' payment history and financial position by requesting and reviewing their bank account statements and other financial documents from time to time, conducts on-site visits to collect unsettled trade receivables from customers and implements strict control of credit terms given to new customers. As a result, we have experienced improvement in our collection of trade receivables which was reflected in our decreased average trade receivable turnover days since such period. Based on our collection history, we believe that our control over collection of debts is effective.

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The following table sets out the average turnover days for our trade receivable and trade payable for the years indicated.

	<b>For the year ended December 31,</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
Trade Receivable Turnover (Days) <sup>(1)</sup> . . . . .	41	32	20
Trade Payable Turnover (Days) <sup>(2)</sup> . . . . .	219	152	102

(1) Trade receivable turnover days is calculated based on the average of the beginning and ending balance of the trade receivables divided by the sales for the year, multiplied 365 for each of the three years ended December 31, 2008.

(2) Trade payable turnover days is calculated based on the average of the beginning and ending balance of the trade and bills payable divided by the cost of sales for the year, multiplied by 365 for each of the three years ended December 31, 2008. Our bills payable are repayable within 180 days. We included bills payable in the calculation of trade payable turnover days. As a result, our average trade payable turnover days were higher than the average credit terms granted by our suppliers, which are 90 days, throughout the Track Record Period. Furthermore, in 2006, trade payable turnover days were over 200 days because we obtained certain proceeds from overstated bill financing arrangements and used such proceeds to fund our general business operations. For further details, please refer to the section headed "Business – Bill financing" in this prospectus.

The decrease in average trade receivable turnover days during the Track Record Period was mainly due to (i) our ability to collect payments from customers more quickly by frequently contacting customers who have outstanding overdue invoices and requesting cash on delivery for our sales to customers with whom we have not developed a long-term relationship; and (ii) our increased direct sales of industrial aluminum extrusion products to customers, who typically settle our payments more quickly than customers of our construction aluminum extrusion products.

The decrease in average trade payable days during the Track Record Period was primarily attributable to our decision to pay our suppliers and vendors more quickly as the operating environment improved and the fact that we have sufficient working capital to settle payments due to suppliers and vendors. Our purchases are settled in Renminbi, and we have an average 90-day credit period from our suppliers. During the Track Record Period, we had not defaulted in any payments.

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 90 days.

As of February 28, 2009, approximately RMB11.6 million, or 46.8%, of our trade payables as of December 31, 2008 were settled.

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### Indebtedness

Our bank and other borrowings as of December 31, 2006, 2007 and 2008, and February 28, 2009, the latter being the latest practicable date for the purpose of this indebtedness statement, were as follows:

	As of December 31,			As of February 28,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Bank loans</b>				
Secured . . . . .	1,259,990	1,669,990	1,274,990	1,246,990
Unsecured <sup>(1)</sup> . . . . .	<u>1,116,983</u>	<u>1,226,272</u>	<u>1,495,648</u>	<u>1,596,946</u>
	2,376,973	2,896,262	2,770,638	2,843,936
<b>Short-term debentures<sup>(2)</sup></b> . . . . .	668,474	593,550	2,000,000	2,000,000
<b>Non-trading amounts due to related parties<sup>(3)</sup></b> . . . . .	<u>1,555,882</u>	<u>1,561,472</u>	<u>320</u>	<u>–</u>
<b>Total</b> . . . . .	<u><u>4,601,329</u></u>	<u><u>5,051,284</u></u>	<u><u>4,770,958</u></u>	<u><u>4,843,936</u></u>

(1) As of December 31, 2006, 2007 and 2008 and February 28, 2009, the latest practicable date for the purpose of the indebtedness statement above, we had RMB100.0 million, RMB180.0 million, RMB1,330.0 million and RMB1,420.0 million, respectively, in outstanding unsecured bank loans guaranteed by certain third parties. The increases in the amount of outstanding unsecured bank loans guaranteed by certain third parties as of December 31, 2008 and February 28, 2009 were mainly due to certain bank loans, which were previously guaranteed by related companies in which Mr. Liu, our Controlling Shareholder, has beneficial interests, were subsequently replaced and guaranteed by third-party guarantors who receive no benefit for providing such guarantees. The Directors confirm that the amount of outstanding unsecured bank loans guaranteed by third-party guarantors as of December 31, 2008 had not been released as of the Latest Practicable Date.

These third-party guarantors were not related to our Group and are not connected persons as defined under the Hong Kong Listing Rules. These third-party guarantors are (i) Zhonghui Guohua Industry Group Ltd. (中輝國華實業(集團)有限公司) (“Zhonghui Guohua”), (ii) Jinhua Chemical Group Co., Ltd. (錦化化工(集團)有限責任公司) (“Jinhua Chemical”) and (iii) Huludao Huatian Industry Co., Ltd. (葫蘆島華天實業有限公司) (“Huludao Huatian”). Details of these entities are as follows:

The two shareholders of Zhonghui Guohua are Beijing Henz Tide Enterprises Group (“Henz Tide”), a legal entity, and Wang Yaohui, a natural person, which hold 92% and 8% of the equity interests in Zhonghui Guohua, respectively. Henz Tide was a supplier of our Company. Other than this previous business relationship, none of Zhonghui Guohua or its shareholders, controlling person, directors or senior management has any direct or indirect shareholding or trustee relationship with the Controlling Shareholder, our Company, Directors or senior management.

Both Jinhua Chemical and Huludao Huatian are PRC state-owned enterprises. Their respective sole shareholder is the State-Owned Assets Administration of Huludao City (葫蘆島市國有資產管理委員會). As confirmed in the confirmation letters issued by Jinhua Chemical and Huludao Huatian in December 2008, none of these entities or their respective shareholder, controlling person, directors or senior management has any direct or indirect shareholding or trustee relationship with the Controlling Shareholder, our Company, Directors or senior management.

Due to their relationships established with our Controlling Shareholder, Mr. Liu, during the course of business activities, these third-party guarantors provided guarantees on the unsecured bank loans drawn down by our Group. Our PRC legal advisor, Commerce & Finance Law Offices, is of the opinion that guarantees provided by these third-party guarantors in favor of Zhongwang PRC in respect of the bank loans entered into by Zhongwang PRC are not in contravention of the relevant PRC laws and regulations, and the content of the relevant guarantee agreements are lawful and valid.

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- (2) To meet our existing and future working capital requirements, we issued one-year, short-term debentures through several syndicates in China in July and August 2008, among which the Agricultural Bank of China was the lead underwriter, to certain qualified institutional investors of the nationwide inter-bank market (全國銀行間機構投資者) which are Independent Third Parties. Each amounted to RMB1,000.0 million with fixed interest rates of 5.9% and 6.1% per annum, respectively. We plan to repay these short-term debentures with our cash, bank deposits, and cash flow generated from operations.
- (3) Non-trading amounts due to related parties as of December 31, 2006, 2007 and 2008 represented advances obtained from and due to related parties of the Group. Non-trading amounts due to related parties as of December 31, 2006 and 2007 primarily consisted of approximately RMB1,551.0 million due to Liaoyang Factory, a former shareholder of Zhongwang PRC, and such amount was repaid in full. We received advances from and provided advances to related parties of the Group during the Track Record Period. For further details, please see the section headed "Amounts due from/to related parties" below. For a breakdown of amounts due from/to related parties, please refer to note 22 of the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

The bank loans carry average fixed interest rates of 6.65%, 7.29% and 7.30% per annum for each of the three years ended December 31, 2006, 2007 and 2008, respectively. All of our bank loans were denominated in Renminbi, U.S. dollars and Euros during the Track Record Period.

Except as described above, as of February 28, 2009, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Save as disclosed in this prospectus, the Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since December 31, 2008.

### **Analysis on key balance sheet items**

#### ***Property, plant and equipment***

During the Track Record Period, as part of our expansion plans to improve production capacity, we built and installed new production facilities and equipment. As a result, we recorded substantial additions in construction-in-progress in 2006, and reclassified and transferred to the appropriate categories under property, plant and equipment when the construction was completed and ready for its intended use in 2007. Furthermore, in 2007, we purchased additional machinery and equipment in relation to our production capacity expansion, which caused a substantial increase in property, plant and equipment during such period.

#### ***Deposits for acquisition of property, plant and equipment***

In line with fluctuations in the amount of property, plant and equipment as noted above, we recorded an increase in deposits for acquisition of property, plant and equipment in 2006 and 2007 for the purchase and installation of machinery and equipment to increase our production capacity. The deposits for acquisition of property, plant and equipment paid as of December 31, 2007 mainly consisted of the amount paid in relation to the construction of a smelting furnace and the installation work of which was started in 2008. As a result, RMB222.1 million of the deposits paid was reclassified as construction in progress included in property, plant and equipment in 2008, which caused a substantial decrease in the amount of deposits for

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acquisition of property, plant and equipment during the same period. The cost of construction of the smelting furnace will be classified to the appropriate category under property, plant and equipment when the construction is completed and ready for its intended use.

### ***Amounts due from/to related parties***

As of December 31, 2006, 2007 and 2008, we had amounts due from related parties totaling RMB150.6 million, RMB20.5 million and RMB22.2 million, respectively, and amounts due to related parties totaling RMB1,649.4 million, RMB1,561.5 million and RMB0.3 million, respectively. These amounts were comprised of trading and non-trading amounts due from/to related parties of the Group.

Non-trading amounts due from/to related parties represented advances provided to or obtained from related parties for cash flow purposes. All such non-trading advances due from/to related parties were unsecured, interest free and had no fixed repayment terms. During the Track Record Period, the fluctuation of the non-trading amounts due from/to related parties in year-end balances mainly reflected the repayment of RMB1,551.0 million due to Liaoyang Factory, a former shareholder of Zhongwang PRC, and other non-trading advances provided to or obtained from related parties of the Group, including Hong Cheng and Cheng Cheng, for short-term cash flow purposes during such periods. In preparation for the Listing, our Group underwent the Reorganization to rationalize our corporate structure. As a result, Liaoyang Factory ceased to be a shareholder of Zhongwang PRC in February 2008, and we repaid all outstanding amounts due to Liaoyang Factory. Such cessation was unrelated to the overstated bill financing as described in the section headed "Business – Bill Financing." Details of our Reorganization are set out in the section headed "Our History and Corporate Structure – Our Corporate Reorganization" in this prospectus.

Trading amounts due from/to related parties represented balances granted to/by related parties involving trading activities and transactions. The general credit terms of the trading balances granted to/by related parties are 90 days, and no privileged credit terms were offered to/by any related parties, except the trading amounts due to Pengli Dies in 2006 of which RMB45.3 million was past due over one year as of December 31, 2006. For further descriptions of the amounts due from/to related parties that involved trading activities, please refer to the section headed "Relationship with Our Controlling Shareholder and Continuing Connected Transactions" in this prospectus.

During the Track Record Period, the maximum outstanding balances related to Hong Cheng and Cheng Cheng fluctuated significantly. Such fluctuations were related to the overstated bill financing as disclosed in the section headed "Business – Bill Financing." The maximum outstanding balance related to Hong Cheng was RMB1,842.2 million, RMB540.0 million and RMB527.3 million, respectively, during the Track Record Period, while the maximum outstanding balance related to Cheng Cheng was RMB427.0 million, RMB636.2 million and RMB917.1 million, respectively, during the same period. Other than the maximum outstanding balances related to Hong Cheng and Cheng Cheng as mentioned above, all other maximum outstanding balances related to Mr. Liu, our Controlling Shareholder, and other related parties, namely, CC Plastics, GL Chemicals, Futian Chemical and Zhong Jie Clothing Co., Ltd., during the Track Record Period were unrelated to the overstated bill financing and the fluctuations of such maximum outstanding balances were mainly due to non-trading advances provided to these related parties for short-term cash flow purposes during such periods.



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Our Directors confirm that all of the outstanding amounts due from/to related parties have been fully settled in January 2009. For a breakdown of amounts due from/to related parties, please refer to note 22 of the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

### ***Other receivables, deposits and prepayments***

The fluctuations in the amount of other receivables, deposits and prepayments as of December 31, 2006, 2007 and 2008 were mainly attributable to (i) increased deposits paid to suppliers to secure supplies of aluminum ingots amounting to RMB710.9 million, RMB721.1 million and RMB2,363.8 million, respectively, due to our increased demand for aluminum ingots in response to the anticipated increase in sales volume of our products, particularly our expected sales increase to the transportation sectors, and (ii) deposit refunds received from certain equipment and machinery suppliers, amounting to RMB281.0 million, RMB259.4 million and nil, respectively, due to the cancellation of certain small-sized equipment and machinery purchase orders made by us. The amount of deposits paid to suppliers to secure supplies of aluminum ingots decreased by 33.0% from RMB2,363.8 million as of December 31, 2008 to RMB1,589.0 million as of February 28, 2009. In 2006, we ordered from several equipment and machinery suppliers certain small-sized equipment and machinery for a particular production line which we subsequently found to be unsuitable to meet our production needs. Therefore, pursuant to the mutual agreement with the relevant suppliers, we cancelled such purchase orders in 2006 and 2007, received deposit refunds from the relevant suppliers in 2006 and 2007 and subsequently re-ordered other large-sized equipment and machinery. In connection with capital expenditure, we have internal policies for the review and approval of each capital expenditure plan.

### ***Bills payable***

Bills payable include the outstanding amounts of our obligation related to actual purchases and overstated bill financing activities conducted during the Track Record Period. Cash flow from increases and decreases in bills payable included in operating activities was related to actual purchases of raw materials only, while the aggregate amount and related settlement of the bank acceptance notes issued by us, which were related to the overstated bill financing, were included in financing activities. For further details, please refer to the section headed "Business – Bill Financing" in this prospectus. The decrease in bills payable as of December 31, 2006 and 2007 was mainly due to a decrease in amounts related to overstated bill financing, which carried an average fixed discount rate of 3.0% and 5.5% per annum in 2006 and 2007, respectively. Since only bills payable involved in overstated bill financing carried discount rates and we ceased such overstated bill financing activities in November 2007, no discount rate to bills payable was available in 2008. The increase in bills payable as of December 31, 2008 compared to the amount as of December 31, 2007 was primarily attributable to an increase in our raw material purchases during such period.

### ***Pledged bank deposits***

Since we pledged approximately 50% of the outstanding amount of bills payable with relevant banks, in line with fluctuations in the amount of bills payable as noted above, the amount of pledged bank deposits as of December 31, 2006 and 2007 reduced as our reliance on overstated bill financing decreased during such periods. Similarly, our pledged bank deposits as of December 31, 2008 were higher than the deposits as of December 31, 2007 as we were required to make additional pledges with respect to our increased level of bills payable.

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### ***Held-for-trading investments***

The fluctuations in the amount of held-for-trading investments as of December 31, 2006, 2007 and 2008 represented changes in the fair market value of our investments in certain mutual funds. The nature of our held-for-trading investments is a contractual open-ended fund, whose assets consist mainly of equity securities and bonds, and its market value is equivalent to its net assets value. The valuation of carrying values was made based on the net asset value quoted by the fund on a daily and thus marked-to-market basis. As of December 31, 2008, our rate of return was approximately 134%. During the Track Record Period, the market value of our investments was approximately RMB3.9 million, RMB2.7 million and RMB1.4 million, respectively. As of February 28, 2009, the market value of our investments was RMB1.5 million.

### ***Bank loans***

We expanded our production capacity significantly in recent years. As a result, we substantially increased the amount of our bank borrowings to meet our working capital needs during the Track Record Period. For details of our indebtedness, please refer to the section headed "Indebtedness" above.

### **Capital expenditures**

The following table sets forth our capital expenditures for the years indicated:

	For the year ended		
	December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Buildings . . . . .	139	1,624	4,825
Machinery . . . . .	85,603	137,962	29,724
Motor vehicles . . . . .	10,283	43	2,163
Furniture, fixtures and equipment . . . . .	2,269	889	3,335
Construction-in-progress <sup>(1)</sup> . . . . .	1,018,599	937,338	460,380
<b>Total</b> . . . . .	<b>1,116,893</b>	<b>1,077,856</b>	<b>500,427</b>

(1) Capital expenditures for construction-in-progress for the years ended December 31, 2006, 2007 and 2008 were used to increase our production capacity.

Our capital expenditures for the years ended December 31, 2006, 2007 and 2008 have been directed primarily toward increasing our production capacity. We believe we have sufficient working capital and banking relationships to enable us to fund the estimated capital expenditures of RMB551.5 million and RMB1,103.0 million in 2009 and 2010, respectively.

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### Capital commitments

The following table represents our capital commitments to make future payments under contracts and commitments as of the dates indicated:

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Property, plant and equipment contracted for but not provided in the financial information. . . . .	564,059	297,976	197,144

We experienced a significant decrease in our capital commitments as of December 31, 2007 and December 31, 2008 primarily because we paid a substantial amount of capital expenses in 2006 for the purchase of property, plant and equipment in connection with our expansion in production capacity, most of which were completed in 2007. Our Directors confirm that, as of the Latest Practicable Date, there has been no material change in our capital commitments since December 31, 2008.

### Operating lease commitments

As of the following balance sheet dates, our future minimum lease payments under non-cancellable operating leases were as follows:

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
<b>As a lessee</b>			
Within one year . . . . .	3,660	4,392	292
In the second to fifth year inclusive . . . . .	12,811	8,418	253
	<u>16,471</u>	<u>12,810</u>	<u>545</u>

Operating lease payments represent rental payable by us as a lessee for our premises. Leases were negotiated for an average term of three years, and rentals were fixed for an average of three years. In February 2008, we ceased to lease certain office space in Beijing, China. As a result, there was a significant reduction in the amounts of future minimum lease payments under non-cancellable operating leases in 2008.

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As of the following balance sheet dates, with respect to the leasing of our investment properties, we have contracted with tenants for the following future minimum lease payments:

	As of December 31,		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
<b>As a lessor</b>			
Within one year . . . . .	1,079	744	–
In the second to fifth year inclusive . . . . .	1,053	309	–
	2,132	1,053	–
	2,132	1,053	–

Leases were negotiated for terms ranging from one to three years, and rentals were fixed for one to three years.

### QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us primarily to the financial and market risks such as interest rate risk, foreign currencies risk, commodity price risk on aluminum, credit risk and liquidity risk. Market risk exposures are measured by sensitivity analysis. There has been no change to our exposure to market risks or the manner in which we manage and measure the risk during the Track Record Period. Details of each type of financial and market risks are described below.

#### Interest rate risk management

Our fair value interest rate risk relates primarily to bank deposits and fixed-rate borrowings, and our cash flow interest rate risk relates primarily to variable-rate borrowings. We currently have not entered into interest rate swaps to hedge against our exposure to changes in the interest rate of the borrowings. However, our management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The interest rate risk on bank deposits is insignificant as the deposits are relatively short-term.

Our exposures to interest rates on financial assets and financial liabilities are as follows:

#### *Interest rate sensitivity*

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings at the balance sheet dates and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, our profit for the Track Record Period would decrease/increase by approximately RMB3.3 million, RMB4.0 million and RMB5.5 million, respectively. This is mainly attributable to our exposure to bank balances.

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### **Foreign currency risk management**

Certain of our bank deposits, receivables, payables and bank borrowings are denominated in U.S. dollars, Euros and Australian dollars which are different from the functional currency of our entities, which exposes us to foreign currency risk. We have not used any financial instruments to hedge against currency risk. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Commodity price risk on aluminum**

Aluminum ingots are the principal raw material of our products, and our usage of aluminum ingots accounted for approximately 84.6%, 85.5% and 86.5%, respectively, of our total cost of sales in the Track Record Period. Fluctuations in the market price of aluminum have a significant impact on our earnings, cash flows as well as the value of our inventories. We do not, however, have any hedging arrangements to reduce our risk arising from fluctuations in aluminum prices.

### **Credit risk**

Other than concentration of credit risks on deposits paid to a supplier included in other receivables, deposits and prepayments of RMB1,513.8 million in 2008 and certain bank balances of RMB3,707.5 million as of December 31, 2008 which are deposited with a local bank in Liaoyang City, we have no significant concentrations of credit risk. The supplier who received the RMB1,513.8 million deposits included in other receivables, deposits and prepayments has no prior history of default and has been maintaining a strong business relationship with our Company. In addition, as of April 17, 2009, the amount of bank balances deposited with that local bank in Liaoyang City has been reduced to RMB2.0 billion resulting from payments of dividend amounting to RMB2,000 million. The carrying amount of restricted bank balances, cash and cash equivalents trade receivables and other receivables included in our consolidated balance sheet represents our maximum exposure to credit risk in relation to our financial assets. We have policies in place to ensure that credit sales of products are made to customers with an appropriate credit history, and we perform periodic credit evaluations of our customers. Trade receivables consist of a large number of customers, spreading across diverse geographical areas. Our historical experience in the collection of trade and other receivables falls within the recorded allowances for doubtful debts, and our Directors are of the opinion that adequate provision for uncollectible trade receivables has been made in the financial statements.

### **Liquidity risk**

It is our policy to regularly monitor our liquidity requirements and compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our financial obligations as they fall due. We typically ensure that we have sufficient cash on demand to meet expected operation expenses for a period of 60 days, including the servicing of financial obligations, without taking into account the potential impact of extreme circumstances, such as natural disasters, which we cannot reasonably predict.

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## FINANCIAL INFORMATION

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### **INDEBTEDNESS STATEMENT**

Except as disclosed in “Financial Information – Indebtedness” above, we did not, as of February 28, 2009, being the latest practicable date for determining indebtedness, have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts of other similar indebtedness or finance lease commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness and contingent liabilities since December 31, 2008.

### **CONTINGENT LIABILITIES**

As of December 31, 2006, 2007 and 2008, we issued financial guarantees to banks in respect of banking facilities granted to certain related companies in which Mr. Liu has a beneficial interest. As of the same dates, the aggregate amount that would be required to be repaid if the guarantees were called upon in their entirety amounted to RMB751.0 million, RMB544.0 million and nil, respectively, all of which have been utilized by the related companies. Such guarantees were released in November and December 2008.

Except for the foregoing, as of the close of business on February 28, 2009, being the latest practicable date for the purpose of this contingent liability statement prior to the publication of this prospectus, we did not have any material contingent liabilities or guarantees.

### **PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2009**

Our Directors forecast that, in the absence of unforeseeable circumstances and on the bases and assumptions set out in “Appendix III – Profit Forecast” to this prospectus, the forecast of our consolidated profit attributable to our shareholders for the six months ending June 30, 2009 will not be less than RMB1,380 million excluding the estimated expenses of approximately RMB30 million in relation to the Global Offering, and will not be less than RMB1,350 million after taking into account such estimated expenses.

The forecast consolidated profit attributable to our shareholders for the six months ending June 30, 2009 prepared by our Directors is based on our unaudited management accounts for the two months ended February 28, 2009 and a forecast of our consolidated results for the remaining four months ending June 30, 2009. We have undertaken to the Hong Kong Stock Exchange that our interim report for the six months ending June 30, 2009 will be audited pursuant to Rule 11.18 of the Hong Kong Listing Rules. The profit forecast has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by us as set out in note 3 in “Appendix I – Accountants’ Report” to this prospectus.

## FINANCIAL INFORMATION

Our Directors have prepared a profit forecast only for the six months ending June 30, 2009, as the cyclical nature of our industry and other factors described under “Risk factors – Risks related to the industry in which we operate” and “Financial information – Factors affecting our results of operations” make any forecast for a longer period subject to various uncertainties. The forecast consolidated profit attributable to our shareholders for the six months ending June 30, 2009 may not necessarily give any indication of, and should not be interpreted as a guidance of, the full year financial results for 2009. The business and operations of our Group have in the past been, and will continue to be, affected by a number of factors. For further details of such factors, please refer to the sections headed “Risk Factors” and “Financial Information – Factors affecting our results of operations.”

The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to our shareholders for the six months ending June 30, 2009 by the total number of 5,400,000,000 Shares in issue, assuming that the Global Offering had been completed on January 1, 2009 (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that are granted or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustration purpose only, and is set out here to illustrate the effect of the Global Offering on the adjusted net tangible assets of our Group as of December 31, 2008, as if they had taken place on such date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group following the Global Offering. It is based on the audited consolidated net assets of our Group as of December 31, 2008 as shown in the “Accountants’ Report” as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants’ Report.

	<b>Audited consolidated net tangible assets as of December 31, 2008<sup>(1)</sup> RMB'000</b>	<b>Estimated net proceeds from the Global Offering<sup>(2)</sup> RMB'000</b>	<b>Unaudited pro forma adjusted net tangible assets RMB'000</b>	<b>Unaudited pro forma adjusted net tangible assets per Share<sup>(3)</sup></b>	
				<b>RMB</b>	<b>HK\$</b>
Based on the Offer Price of HK\$8.80 per Share . . . . .	<u>3,205,076</u>	<u>10,533,611</u>	<u>13,738,687</u>	<u>2.54</u>	<u>2.89</u>
Based on the Offer Price of HK\$6.80 per Share . . . . .	<u>3,205,076</u>	<u>8,127,389</u>	<u>11,332,465</u>	<u>2.10</u>	<u>2.38</u>

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## FINANCIAL INFORMATION

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- (1) The audited consolidated net tangible assets attributable to the equity holders of our Company are extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price range of HK\$6.80 and HK\$8.80 per Share, after deduction of underwriting fees and related expenses payable by our Company but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 5,400,000,000 shares are expected to be in issue pursuant to the Global Offering, taking no account of any additional income our Group may have earned from the estimated net proceeds from the Global Offering, any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option, grant of Shares under the Pre-IPO Share Option Scheme or the Share Option Scheme.
- (4) The property interests were valued by Savills Valuation and Professional Services Limited and the valuation report in respect of which was set out in Appendix IV to this prospectus. According to the valuation report, the property interests as of February 28, 2009 amounted to approximately RMB896,600,000. Comparing this amount with the unaudited net carrying value of the property interests as of February 28, 2009 of approximately RMB404,570,000, there was a surplus of RMB492,030,000. Had the property interests been stated at revaluation, additional annual depreciation of RMB14,173,000 will therefore be charged. The surplus on revaluation will not be reflected in our consolidated financial statements in subsequent years as we have elected to state the property interests at cost model.

### **DIVIDEND AND DIVIDEND POLICY**

The recommendation of the payment of dividend is subject to the discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of the Shareholders. In October 2008, our Company declared a dividend (in respect of the dividend distribution receivable indirectly from Zhongwang PRC for 2007) in the amount of RMB2.0 billion and the dividend was paid to ZIGL in April 2009. In April 2009, our Company declared a final dividend for 2008 in the amount of RMB1.0 billion, and the dividend will be paid to ZIGL prior to the Listing. For the avoidance of doubt, the holders of Offer Shares will not be entitled to any of the aforesaid dividends. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of the shareholders of our Company. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Our Directors currently intend to recommend a distribution to all Shareholders in an amount representing not less than 25% of the distributable net profit attributable to the equity holders of our Company in each of the financial years following the Listing (that is, for the avoidance of doubt, for 2009 and thereafter) by way of dividend.

Any dividend declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividend in Hong Kong dollars. Our Directors believe that our dividend policy mentioned above will not adversely affect the working capital position of our Group.



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## FINANCIAL INFORMATION

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Future dividend payments will also depend upon the availability of dividends received from our subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

### DISTRIBUTABLE RESERVES

We had share premium of RMB3,036,400 available for distribution to the shareholders of our Company as of December 31, 2008.

### PROPERTY INTERESTS

Savills Valuation and Professional Services Limited, an independent property valuer, has valued the property interests attributable to us, as of February 28, 2009 at approximately RMB896.6 million. The text of its letter, summary of valuation and valuation certificates are set out in "Appendix IV – Property Valuation" to this prospectus.

Property interests include the land use rights to the parcels of land and the building ownerships of the completed buildings, the structures and the buildings under construction.

A reconciliation of the net carrying value of the relevant property interest, as of December 31, 2008, to their fair value as of February 28, 2009 as stated in "Appendix IV – Property Valuation" to this prospectus is as follow:

	<b>Properties RMB'000</b>
Net carrying value as of December 31, 2008 . . . . .	403,205
Movements for the period ended from December 31, 2008 to February 28, 2009	
– Additions . . . . .	5,165
– Depreciation . . . . .	(3,800)
Net carrying value of February 28, 2009 . . . . .	404,570
Valuation as of February 28, 2009 as per Appendix IV to this prospectus . .	<u>896,600</u>
Surplus . . . . .	<u><u>492,030</u></u>

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## FINANCIAL INFORMATION

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### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since December 31, 2008 (being the date to which our latest audited financial statements were prepared).

### **DISCLOSURE UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES**

Save as disclosed in the section headed "Financial Information – Analysis on key balance sheet items – Amounts due from/to related parties" in this prospectus, our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please see the section headed “Business – Business Strategy” in this prospectus for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$7.80 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK\$10,586.0 million. We currently intend to apply such net proceeds for the following purposes:

- approximately 35%, or HK\$3,705.1 million, for the expansion of our production capacity and penetration of the industrial market, particularly in the transportation sectors, by installing additional production lines for our industrial aluminum extrusion products. In addition, we may accomplish this goal by selectively acquiring reputable aluminum extrusion products manufacturers with growth potential in the production of industrial aluminum extrusion products. As of the date of this prospectus, we have not yet identified any suitable targets;
- approximately 35%, or HK\$3,705.1 million, to purchase manufacturing equipment and facilities for the production of downstream value-added industrial aluminum extrusion products which we expect will expand our product offerings and enhance our competitiveness;
- approximately 15%, or HK\$1,587.9 million, to repay existing debts due and payable in the next 12 months. Upon Listing, we will determine the priority of loans to be repaid based on the maturity dates of existing banking facilities and interest rates;
- approximately 5%, or HK\$529.3 million, for the enhancement of our research and development activities and facilities; and
- approximately 10%, or HK\$1,058.6 million, for working capital and general corporate purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

Any additional net proceeds that we would receive from any exercise at any price within the stated Offer Price range, in full or in part, of the Over-allotment Option may be applied in the manner and the proportions stated above.

To the extent that our net proceeds are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term interest bearing deposits and/or money market instruments.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

*(in alphabetical order)*

#### Joint Lead Managers

CITIC Securities Corporate Finance (HK) Limited  
J.P. Morgan Securities (Asia Pacific) Limited  
Macquarie Capital Securities Limited  
UBS AG, acting through its business division, UBS Investment Bank

#### Co-lead Managers

CAF Securities Company Limited  
Daiwa Securities SMBC Hong Kong Limited  
Guotai Junan Securities (Hong Kong) Limited  
Shenyin Wanguo Capital (H.K.) Limited

### INTERNATIONAL PURCHASERS

*(in alphabetical order)*

#### Joint Lead Managers

CITIC Securities Corporate Finance (HK) Limited  
J.P. Morgan Securities Ltd.  
Macquarie Capital Securities Limited  
UBS AG, acting through its business division, UBS Investment Bank

#### Co-lead Managers

Guotai Junan Securities (Hong Kong) Limited  
Mizuho Securities Asia Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Public Offering, our Company is offering 140,000,000 Hong Kong Public Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- (a) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (subject only to allotment and/or despatch of share certificates) and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Joint Global Coordinators (on behalf of the Underwriters)),

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## UNDERWRITING

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the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators, on behalf of the Underwriters, the Global Offering will not proceed.

The Hong Kong Underwriting Agreement is conditioned upon and subject to the International Purchase Agreement having been signed and becoming unconditional.

### **Grounds for termination**

The obligation of the Hong Kong Underwriters to subscribe for, or to procure subscribers for, the Hong Kong Public Offer Shares is subject to termination by notice in writing to us from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if, prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any event, or series of events, in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency or war, calamity, epidemics, pandemics, strikes, lock-outs, fire, explosion, flooding, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or
  - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency credit or market conditions (including, without limitation, conditions in the stock and bond markets money and foreign exchange markets, investment markets and credit markets, in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (taken as a whole), Japan or any other jurisdiction relevant to any member of the Group; or
  - (iii) any moratorium, suspension or restriction on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Market, the Shanghai Stock Exchange, or the Tokyo Stock Exchange; or
  - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, Germany, France, Japan, the PRC or any other jurisdiction relevant to any member of the Group, or there is a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in any of those places; or

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## UNDERWRITING

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- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (taken as a whole) or any other jurisdiction relevant to any member of the Group; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (taken as a whole) on the PRC or any other jurisdiction relevant to any member of the Group; or
- (vii) a change or development involving a prospective change or amendment in Taxation (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including without limitation a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control in Hong Kong, the PRC, the United States, the United Kingdom, the European Union (taken as a whole), Japan or any other jurisdiction relevant to any member of the Group; or
- (viii) any litigation or legal action or claim or legal proceeding of any third party being threatened or instigated against any member of the Group; or
- (ix) a Director (other than non-executive and independent non-executive Director) being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman or chief executive officer of the Company vacating his or her office; or
- (xi) the commencement by any governmental, law enforcement agency, regulatory or political body or organization of any action against a Director (other than non-executive and independent non-executive Director) or a formal announcement by any governmental, regulatory or political body or organization that it intends to take any such action; or
- (xii) a contravention by any member of the Group of the Hong Kong Listing Rules or applicable laws; or
- (xiii) a prohibition on the Company for whatever reason from allotting or selling the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or
- (xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) or any aspect of the Global Offering with the Hong Kong Listing Rules or any other applicable law or regulation by the Company; or

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## UNDERWRITING

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- (xv) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Companies Ordinance or the Hong Kong Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators:

- (1) is or will or may have a material adverse effect on the business or financial condition, results of operations, or prospects of the Group as a whole; or
  - (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
  - (3) makes it or will make it inadvisable or impracticable for the Global Offering to proceed or to market the Global Offering; or
  - (4) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms and which has or may or will have a material adverse effect on the success of the Global Offering or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Joint Global Coordinators:
- (i) that any statement contained in this prospectus and any of the Application Forms in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained in this prospectus and any of the Application Forms and/or any announcements issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest in any material respect and based on reasonable assumptions, when taken as a whole; or
  - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or
  - (iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Purchase Agreement (other than upon any of the Hong Kong Underwriters or the International Purchasers); or
  - (iv) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business operations, prospects, profits, losses or financial or trading position or performance of any member of the Group; or

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- (v) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties under the Hong Kong Underwriting Agreement; or
- (vi) the Company withdraws this prospectus (and/or any other documents used in connection with the contemplated subscription and sale of the Shares) or the Global Offering.

### **Hong Kong Listing Rules obligations**

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company, or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing) subject to certain exceptions as stated in Rules 10.08(1) to 10.08(4) of the Hong Kong Listing Rules.

### **Undertakings by us**

We have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) will be issued or form the subject of any agreement to such an issue within six months from the date on which Shares first commence dealing on the Hong Kong Stock Exchange (whether or not such issue of Shares will be completed within six months from the commencement of dealing), except for the issue of Shares, the listing of which has been approved by the Hong Kong Stock Exchange, pursuant to a share option scheme or similar arrangement under Chapter 17 of the Hong Kong Listing Rules, or any capitalization issue, capital reduction or consolidation or sub-division of Shares.

We have undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, and each of Mr. Liu and ZIGL has undertaken to procure that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months after the Listing Date, we will not, save for any issue of Shares pursuant to the Pre-IPO Share Option Scheme or the Share Option Scheme, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules and will procure Zhongwang PRC not to:

- (i) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any options, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of our or Zhongwang PRC's share capital or other equity securities of either of the Company or Zhongwang PRC or any interests in either of the Company or Zhongwang PRC (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital); or



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## UNDERWRITING

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(ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any of our or Zhongwang PRC's share capital or other equity securities of either of the Company or Zhongwang PRC or any interests in either of the Company or Zhongwang PRC; or

(iii) offer to or agree to do any of the foregoing or announce any intention to do so,

whether any of the foregoing transactions is to be settled by delivery of such share capital or other equity securities, in cash or otherwise (whether or not any issue of such share capital or other securities will be completed within such period) except that such restriction shall not be applicable to issue of shares or equity capital by Zhongwang PRC to us or any holding company of Zhongwang PRC, which is wholly-owned by us, and in the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six month period after the Listing Date, we will take all steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

### **Undertakings by Mr. Liu and ZIGL**

Our Controlling Shareholders, namely ZIGL and Mr. Liu (for the purpose of this undertaking), have undertaken to the Hong Kong Stock Exchange that, except pursuant to the Stock Borrowing Agreement, (i) it or he shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the requirements of the Hong Kong Listing Rules, at any time during the period commencing the Latest Practicable Date and ending on the date which is six months from the Listing Date, dispose of any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner nor will it or he enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of such Shares; and (ii) it or he shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the requirements of the Hong Kong Listing Rules, at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would then cease to be a controlling shareholder (as defined in the Hong Kong Listing Rules).

Each of Mr. Liu and ZIGL has undertaken to each of us, the Joint Global Coordinators, the Joint Sponsors, and the Hong Kong Underwriters that, except as disclosed herein, he or it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(i) at any time during the period from the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date (the "First Six-month Period"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either

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## UNDERWRITING

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directly or indirectly, conditionally or unconditionally, any of the share capital or other equity securities of ZIGL or the Company or any interests in either of ZIGL or the Company held by him or it, as the case may be (including but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, whether any of the foregoing transactions is to be settled by delivery of such share capital or other equity securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

- (ii) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the "Second Six-month Period"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other equity securities of ZIGL or the Company or any interests in either of ZIGL or the Company held by him or it, as the case may be (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, whether any of the foregoing transactions is to be settled by delivery of such share capital or other equity securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so if, immediately following such transaction, Mr. Liu would hold not more than 50% of the total issued share capital of ZIGL, or ZIGL would cease to be the controlling shareholder (as defined in the Hong Kong Listing Rules) of the Company;

provided that nothing in this section shall prevent Mr. Liu or ZIGL from purchasing additional Shares, and disposing of such additional Shares so purchased, subject to compliance with the requirements of Rule 8.08 of the Hong Kong Listing Rules to maintain an open market in the securities and a sufficient public float, or from using the Shares beneficially owned by either of them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

In the event of a disposal by ZIGL of any of the share capital of the Company or any interest therein during the Second Six-month Period, ZIGL will take all steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

### **Further undertakings by Mr. Liu and ZIGL**

Our Controlling Shareholders, namely ZIGL and Mr. Liu (for the purpose of this undertaking), have further undertaken to the Hong Kong Stock Exchange that it or he will, at any time from the Latest Practicable Date up to and including the date falling 12 months after the Listing Date, immediately inform us of:

- (a) any pledges or charges of any of the Shares or other share capital beneficially owned by it or him in favor of any authorized institution pursuant to Note (2) to Rule 10.07(2) of the Hong Kong Listing Rules, and the number of such Shares or other share capital so pledged or charged; and

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## UNDERWRITING

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- (b) any indication received by it or him, either verbal or written, from any pledgee or chargee of any of the Shares or other share capital pledged or charged that any of such Shares or other share capital will be disposed of.

We will also inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of a press notice which is published in accordance with applicable rules as soon as possible after being so informed by any of our Controlling Shareholders.

Each of Mr. Liu and ZIGL has further undertaken to us and the Joint Sponsors and the Joint Global Coordinators that he/it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (i) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or other securities of the Company or any interests therein beneficially owned by it for a bona fide commercial loan, immediately inform us and the Joint Sponsors and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (ii) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of the Company will be disposed of, immediately inform us and the Joint Sponsors and the Joint Global Coordinators in writing of such indications;

provided that, upon receiving of such information from Mr. Liu or ZIGL, the Joint Sponsors and the Joint Global Coordinators shall treat such information as confidential until we make a public disclosure of such information in accordance with the Hong Kong Listing Rules, or such information has come into the public domain through no fault of the Joint Sponsors and the Joint Global Coordinators, whichever is earlier.

We have agreed and undertaken to the Joint Global Coordinators, the Joint Sponsors and each of the Hong Kong Underwriters that, upon receiving such information in writing from any of Mr. Liu or ZIGL, we shall, as soon as practicable, notify the Hong Kong Stock Exchange and make a public disclosure of such information by way of an announcement which is published in accordance with the Hong Kong Listing Rules.

### **Hong Kong Underwriters' interests in our Company**

Save as disclosed below and elsewhere in this prospectus and save for their obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters is interested directly or indirectly in any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in our Company or any other member of our Group.

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## UNDERWRITING

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### INTERNATIONAL OFFERING

#### **International Purchase Agreement**

In connection with the International Offering, we expect to enter into the International Purchase Agreement with, among others, the International Purchasers. Under the International Purchase Agreement, the International Purchasers would, subject to certain conditions, severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. Please refer to “Structure of the Global Offering – The International Offering” for further details.

Under the International Purchase Agreement, we intend to grant to the International Purchasers the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Joint Global Coordinators on behalf of the International Purchasers from the date of the International Purchase Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to allot and issue up to an aggregate of 210,000,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering at the Offer Price, to, among other things, covering over-allotment in the International Offering, if any.

#### **Total commission and expenses**

The Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Hong Kong Public Offer Shares initially being offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions.

For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, if any, the International Purchasers will be paid an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Global Coordinators and the International Purchasers, but not the Hong Kong Underwriters.

The aggregate commissions and estimated expenses, together with the Hong Kong Stock Exchange listing fee, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$334.0 million (assuming no exercise of the Over-allotment Option and an Offer Price of HK\$7.80 per Share, being the mid-point of the stated range of the Offer Price between HK\$6.80 and HK\$8.80 per Share), and are payable by us. Included in the total are commissions on the offer of the Offer Shares, which are expected to be approximately HK\$273.0 million, payable to the Hong Kong Underwriters and the International Purchasers.

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

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## STRUCTURE OF THE GLOBAL OFFERING

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### PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$8.80 and is expected to be not less than HK\$6.80. Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK\$8.80 per Share plus the brokerage fee of 1.0%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% thereon amounting to a total of HK\$3,555.52 per board lot of 400 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$8.80, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

### DETERMINING THE OFFER PRICE

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and us on or before the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, April 30, 2009 and in any event, no later than Wednesday, May 6, 2009.

The Offer Price will not be more than HK\$8.80 per Offer Share and is expected to be not less than HK\$6.80 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional, corporate and other investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with us, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the forecast for the year ending June 30, 2009, the offer statistics as currently set out in "Summary," and any other financial information which may change materially as a result of such reduction.

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## STRUCTURE OF THE GLOBAL OFFERING

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**If applications for Hong Kong Public Offer Shares have been submitted, then even if the number of Offer Shares and/or the Offer Price range is so reduced, such applications cannot be withdrawn subsequently.**

In the absence of any notice being published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the number of Offer Shares and/or the Offer Price, if agreed upon with us, will under no circumstances be fewer than the number of Offer Shares or be set outside the Offer Price range as stated in this prospectus.

**If the Joint Global Coordinators (on behalf of the Underwriters) and our Company are unable to reach agreement on the Offer Price, the Global Offering will not become unconditional and will lapse immediately.**

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offering and the results of application in respect of the Hong Kong Public Offering and basis of allotment of the Hong Kong Public Offer Shares, on Thursday, May 7, 2009.

### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering and the International Offering. We intend to make available initially up to 1,400,000,000 Shares under the Global Offering, of which 1,260,000,000 Shares will initially be conditionally placed pursuant to the International Offering and the remaining 140,000,000 Shares will initially be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering (subject, in each case, to reallocation on the basis described below under “The Hong Kong Public Offering”). We will conditionally place our Shares in the International Offering with professional, institutional, corporate and other investors whom we anticipate to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States to non U.S. persons, in reliance on Regulation S, and in the United States with QIBs in reliance on Rule 144A.

Investors may apply for our Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for our Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of our Shares to professional, institutional, corporate and other investors anticipated to have a sizeable demand for such Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional, corporate and other investors will be asked to specify the number of our Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

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## STRUCTURE OF THE GLOBAL OFFERING

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Allocation of our Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, our Shares, after the Listing. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our shareholders as a whole.

Allocation of Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants, although the allocation of Hong Kong Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Purchasers exercisable by the Joint Global Coordinators on behalf of the International Purchasers. Further details are set out in "The Over-allotment Option" below.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Purchasers in each case on a several basis, each being subject to the conditions set out under "Conditions of the Hong Kong Public Offering" below. We entered into the Hong Kong Underwriting Agreement on April 23, 2009, subject to an agreement on the Offer Price between us and the Joint Global Coordinators (on behalf of the Underwriters), and expect to enter into the International Purchase Agreement on April 30, 2009. The Hong Kong Underwriting Agreement and the International Purchase Agreement are expected to be conditioned upon each other.

### **THE HONG KONG PUBLIC OFFERING**

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set out in the Hong Kong Underwriting Agreement) for the subscription in Hong Kong of, initially, 140,000,000 Shares at the Offer Price (representing 10% of the total number of Shares initially available under the Global Offering). Subject to the reallocation of Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Public Offer Shares will represent 2.59% of our Company's enlarged issued share capital immediately after completion of the Global Offering assuming that none of the Over-allotment Option and the Pre-IPO Share Options is exercised.

The total number of our Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes (subject to adjustment of odd lot size): pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares with

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## STRUCTURE OF THE GLOBAL OFFERING

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an aggregate subscription price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable). Applicants should be aware that applications in pool A and in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. Applicants can only receive an allocation of the Hong Kong Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the Hong Kong Public Offer Shares initially included in the Hong Kong Public Offering will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the sole discretion of the Joint Global Coordinators.

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 420,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 560,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 700,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering. In each such case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated equally (subject to adjustment of odd lot size) between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.



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## STRUCTURE OF THE GLOBAL OFFERING

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In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Public Offer Shares in such proportion and amounts as they deem appropriate. Conversely, the Joint Global Coordinators may at their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering will be conditioned on:

- (a) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, our Shares to be issued pursuant to the Global Offering, including the additional Shares which may be issued under the Over-allotment Option, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in our Shares on the Hong Kong Stock Exchange;
- (b) the Offer Price having been duly agreed between our Company and the Joint Global Coordinators;
- (c) the execution and delivery of the International Purchase Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective Underwriting Agreements;

in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of the Hong Kong Public Offering is conditioned upon, among other things, the International Offering and the Hong Kong Public Offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and we will notify the Hong Kong Stock Exchange immediately. We will publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the business day immediately following such lapse.

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## STRUCTURE OF THE GLOBAL OFFERING

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In case the Hong Kong Public Offering lapses, we will return all application monies to the applicants, without interest and on the terms set out under “How to Apply for the Hong Kong Public Offer Shares.” In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker(s) or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

### THE INTERNATIONAL OFFERING

The number of Offer Shares to be initially offered for subscription or purchase under the International Offering will be 1,260,000,000 Offer Shares to be offered by us representing 90% of the Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Pursuant to the International Offering, the International Offer Shares will be conditionally placed by the International Purchasers, or through selling agents appointed by them, with professional, institutional, corporate and other investors anticipated to have a sizeable demand for Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S and in the United States with QIBs in reliance on Rule 144A.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application for the Offer Shares under the Hong Kong Public Offering.

### THE OVER-ALLOTMENT OPTION

In connection with the Global Offering, we intend to grant the Over-allotment Option to the Joint Global Coordinators on behalf of the International Purchasers. The Over-allotment Option gives the Joint Global Coordinators the right, exercisable at any time from the date of the International Purchase Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 210,000,000 additional Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price, to, among other things, cover over-allotment, if any, in the International Offering. The Joint Global Coordinators may also cover such over-allotment by purchasing Shares in the secondary market or by a combination of purchase in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. If the Joint Global Coordinators exercise the Over-allotment Option in full, the number of Shares being offered in the Global Offering will increase to 1,610,000,000 Shares, representing approximately 28.7% of our enlarged share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

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## STRUCTURE OF THE GLOBAL OFFERING

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In order to facilitate the settlement of over-allotment in connection with the International Offering, the Joint Global Coordinators may choose to borrow Shares from ZIGL under the Stock Borrowing Agreement that may be entered into between the Joint Global Coordinators and ZIGL, or acquire Shares from other sources. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Hong Kong Listing Rules provided that the requirements set out in Rule 10.07(3) are complied with. Furthermore, (i) Shares so borrowed will only be used for settlement of over-allotment in the International Offering prior to the exercise of the Over-allotment Option; (ii) the maximum number of Shares to be borrowed from ZIGL will be limited to the maximum number of Shares which may be issued and allotted by our Company upon exercise of the Over-allotment Option, which is limited to 210,000,000 Shares or 15% of the Shares initially available under the Global Offering; (iii) the same number of Shares so borrowed must be returned to ZIGL on or before the third Business Day following the earlier of (a) the last date on which the Shares may be issued and allotted by our Company pursuant to the Over-allotment Option, and (b) the day on which the Over-allotment Option is exercised in full; (iv) borrowing of stock pursuant to the stock borrowing agreement will be effected in compliance with all applicable laws and regulatory requirements; and (v) no payment will be made to ZIGL in relation to the stock borrowing agreement.

### STABILIZING ACTION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimize and, if possible, prevent a decline in the prices of our Shares. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, UBS, as the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allot or effect transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. However, there is no obligation on the Stabilizing Manager or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allotted will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 210,000,000 Shares, which is 15% of our Shares initially available under the Global Offering.

The Stabilizing Manager or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of our Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of our Shares; and/or

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## STRUCTURE OF THE GLOBAL OFFERING

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- (ii) in connection with any action described in paragraph (i) above:
  - (A) (1) over-allot our Shares; or
    - (2) sell or agree to sell our Shares so as to establish a short position in them,
  - for the sole purpose of preventing or minimizing any reduction in the market price of our Shares;
  - (B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for our Shares in order to close out any position established under paragraph (A) above;
  - (C) sell or agree to sell any of our Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; and/or
  - (D) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager or any person acting for it, which may include a decline in the market price of our Shares.

Stabilization cannot be used to support the price of our Shares for longer than the stabilization period, which begins on the day on which dealings in our Shares commence on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore their market price, could fall. A public announcement will be made within seven days after the end of the stabilizing period in accordance with the Securities and Futures (Price Stabilizing) Rules of the Hong Kong Securities and Futures Ordinance.

Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilization period. Stabilization bids or market purchases effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

### **DEALING**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, May 8, 2009, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on Friday, May 8, 2009. Our Shares will be traded on the Main Board in board lots size of 400 Shares each.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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### WHO CAN APPLY FOR THE PUBLIC OFFER SHARES AND METHODS TO APPLY

You can apply for the Hong Kong Public Offer Shares available for subscription by the public on a **WHITE or YELLOW** Application Form, if you or any person(s) for whose benefit you are applying, are an individual, and:

1. are 18 years of age or older;
2. have a Hong Kong address;
3. are outside the United States; and
4. are not a United States Person (as defined in Regulation S of the US Securities Act 1933, as amended).

If you wish to apply for Public Offer Shares online through the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk)), you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person who is a duly authorized attorney, we and the Joint Global Coordinators or their respective agents and nominees as our agents may accept it at our/their discretion, and subject to any conditions we/they think fit, including production of evidence of the authority of the attorney.

We and the Joint Global Coordinators, in their capacity as our agents, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The number of joint applicants may not exceed four.

The Hong Kong Public Offer Shares are not available to existing beneficial owners of our Shares, or directors or chief executives of our Company or any of our subsidiaries, or their respective associates (as defined in the Hong Kong Listing Rules); or any other connected persons (as defined in the Hong Kong Listing Rules) of our Company or persons who will become connected persons (as defined in the Hong Kong Listing Rules) immediately upon completion of the Global Offering.

You may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or indicate an interest for Shares under the International Offering, but may not do both.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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### METHODS OF APPLYING FOR THE HONG KONG PUBLIC OFFER SHARES

There are three ways to make an application for Hong Kong Public Offer Shares. You may either (i) use a **WHITE** or **YELLOW** Application Form; (ii) apply online through the designated website of the **White Form eIPO** service provider, referred to herein as the “**White Form eIPO**” service; or (iii) **electronically** instruct HKSCC to cause HKSCC Nominees to apply for Hong Kong Public Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** and **YELLOW** Application Forms or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

#### I. Applying by using a **WHITE** or **YELLOW** Application Form

##### Which Application Form to use

Use a **WHITE** Application Form if you want the Hong Kong Public Offer Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Public Offer Shares to be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

##### Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus from:

**CITIC Securities Corporate Finance (HK) Limited**, 26/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong; or

**UBS AG, acting through its business division, UBS Investment Bank**, 52/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong; or

**J.P. Morgan Securities (Asia Pacific) Limited**, 28/F Chater House, 8 Connaught Road, Central, Hong Kong; or

**Macquarie Capital Securities Limited**, Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong; or

**Shenyin Wanguo Capital (H.K.) Limited**, 28/F., Citibank Tower, 3 Garden Road, Central, Hong Kong; or

**Guotai Junan Securities (Hong Kong) Limited**, 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong; or

**CAF Securities Company Limited**, 13th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong; or

**Daiwa Securities SMBC Hong Kong Limited**, Level 26, One Pacific Place, 88 Queensway, Hong Kong;

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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or any of the following branches of **Bank of Communications Co., Ltd. Hong Kong Branch**:

	<b>Branch name</b>	<b>Branch address</b>
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Quarry Bay Sub-Branch	G/F., 981 C, King's Road, Quarry Bay
	Chaiwan Sub-Branch	G/F., 121-121A Wan Tsui Road, Chaiwan
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
	Mongkok Sub-Branch	Shops A & B, G/F., Hua Chiao Commercial Centre, 678 Nathan Road
	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Ngau Tau Kok Sub-Branch	Shop G1, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tseung Kwan O Sub-Branch	Shop 253-255, Metro City Shopping Arcade, Phase I, Tseung Kwan O
	Tai Po Sub-Branch	Shop No.1, G/F., Wing Fai Plaza, 29-35 Ting Kok Road, Tai Po

or any of the following branches of **Bank of China (Hong Kong) Limited**:

	<b>Branch name</b>	<b>Branch address</b>
Hong Kong Island	Central District (Wing On House) Branch	71 Des Voeux Road Central
	Bank of China Tower Branch	3/F, 1 Garden Road
	North Point (Kiu Fai Mansion) Branch	413-415 King's Road, North Point
Kowloon	Mong Kok Branch	589 Nathan Road, Mong Kok
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong
New Territories	Castle Peak Road (Tsuen Wan) Branch	201-207 Castle Peak Road, Tsuen Wan
	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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or any of the following branches of **Standard Chartered Bank (Hong Kong) Limited**:

	<b>Branch name</b>	<b>Branch address</b>
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	North Point Centre Branch	North Point Centre, 284 King's Road, North Point
	Aberdeen Branch	Shop 4A, G/F, Aberdeen Centre Site 5, No.6 Nam Ning Street, Aberdeen
Kowloon	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Kwun Tong Branch	1A Yue Man Square, Kwun Tong
New Territories	Metroplaza Branch	Shop No. 175 – 176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, April 24, 2009 until 12:00 noon on Wednesday, April 29, 2009 from:

- (1) the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or
- (2) your stockbroker, who may have such Application Forms and this prospectus available.

### **How to complete the Application Form**

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow these instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.



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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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You should note that, by completing and submitting the Application Form, you (and if you are joint applicants, each of you jointly and severally), for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee, among other things:

- (i) you confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;
- (ii) you agree that we, the Joint Global Coordinators, the Hong Kong Underwriters and any of our or their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;
- (iii) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application (if any) have not indicated an interest for, applied for or taken up any International Offer Shares otherwise participated in the International Offering; and
- (iv) you agree to disclose to our Company and/or our Hong Kong Share Registrar, the receiving banker, the Joint Global Coordinators, the Hong Kong Underwriters and their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application (if any).

In order for the **YELLOW** Application Forms to be valid:

you, as the applicant, must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written Signatures will be accepted.

- (i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**
  - (a) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.
- (ii) **If the application is made by an individual CCASS Investor Participant:**
  - (a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and
  - (b) the participant I.D. must be inserted in the appropriate box in the Application Form.
- (iii) **If the application is made by a joint individual CCASS Investor Participant:**
  - (a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card number of all joint CCASS Investor Participants; and
  - (b) the participant I.D. must be inserted in the appropriate box in the Application Form.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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(iv) **If the application is made by a corporate CCASS Investor Participant:**

- (a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and
- (b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. and/or company chop bearing its company name or other similar matters may render the application invalid.

If your application is made through a duly authorized attorney, we and the Joint Global Coordinators or their respective agents and nominees as our agents may accept it at our/their discretion, and subject to any conditions we/they think fit, including evidence of the authority of your attorney. We and the Joint Global Coordinators or their respective agents and nominees in their capacity as our agents, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

### **How to make payment for the application**

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- bear an account name (or, in the case of joint applicants, the name of the first-named applicant) (either pre-printed on the cheque or endorsed on the reverse of the cheque by an authorized signatory of the bank on which it is drawn), which must be the same as the name on your Application Form (or, in the case of joint applicants, the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant);
- be made payable to Bank of Communications (Nominee) Co. Ltd. – China Zhongwang Public Offer;
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonored on first presentation.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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If you pay by banker's cashier order, the banker's cashier order must:

- be in Hong Kong dollars;
- be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorized signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If the application is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named applicant;
- be made payable to Bank of Communications (Nominee) Co. Ltd. – China Zhongwang Public Offer;
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application may be rejected if your banker's cashier order does not meet all of these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Wednesday, April 29, 2009. We will not give you a receipt for your payment. We will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheque). The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

### **How many applications you may make**

Please refer to the section headed "Terms and Conditions of the Hong Kong Public Offering – 4. How many applications you can make" in this prospectus.

### **Members of the public – time for applying for Hong Kong Public Offer Shares**

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, April 29, 2009, or, if the application lists are not open on that day, then by 12:00 noon on the next day the lists are open.

Your completed **WHITE** or **YELLOW** Application Form, with full payment in Hong Kong dollars attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited or Bank of Communications Co., Ltd. Hong Kong Branch or Standard Chartered Bank (Hong Kong) Limited listed under the section headed "Where to collect the Application Forms" at the specified times on the following dates:

**Friday, April 24, 2009 – 9:00 a.m. to 5:00 p.m.**  
**Saturday, April 25, 2009 – 9:00 a.m. to 1:00 p.m.**  
**Monday, April 27, 2009 – 9:00 a.m. to 5:00 p.m.**  
**Tuesday, April 28, 2009 – 9:00 a.m. to 5:00 p.m.**  
**Wednesday, April 29, 2009 – 9:00 a.m. to 12:00 noon**

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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The application lists will be open from **11:45 a.m. to 12:00 noon** on Wednesday, April 29, 2009.

No proceedings will be taken on applications for the Hong Kong Public Offer Shares and no allotment of any such Hong Kong Public Offer Shares will be made until after the closing of the application lists. No allotment of any of our Hong Kong Public Offer Shares will be made after the closing of the application lists.

### **Effect of bad weather on the opening of the application lists**

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 29, 2009. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

For the purpose of this section, business day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

### **Results of allocations**

We expect to announce the Offer Price, the level of indication of interest in the International Offering, the basis of allotment and the results of applications of successful applicants under the Hong Kong Public Offering on Thursday, May 7, 2009 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) or on our website at **www.zhongwang.com** and the website of the Hong Kong Stock Exchange at **www.hkex.com.hk**.

The results of allocations, including the Hong Kong Identity Card/passport/Hong Kong Business Registration numbers of successful applicants (where appropriate) under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from our designated results of allocations website at **www.iporeresults.com.hk** on a 24-hour basis from 8:00 a.m. on Thursday, May 7, 2009 to 12:00 midnight on Wednesday, May 13, 2009. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Public Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, May 7, 2009 to Sunday, May 10, 2009;

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, May 7, 2009 to Saturday, May 9, 2009 at all the receiving bank branches and sub-branches at the addresses set out in the paragraph headed “How to Apply for Hong Kong Public Offer Shares – Where to collect the Application Forms” of this prospectus.
- Results of allocations for the Hong Kong Public Offering can be found in the announcement to be posted on the Company’s website at [www.zhongwang.com](http://www.zhongwang.com) and the website of the Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) on Thursday, May 7, 2009.

### **Despatch/collection of share certificates and refund cheque**

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Hong Kong Public Offer Share (excluding the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering are not fulfilled in accordance with the section entitled “Structure of the Global Offering – Conditions of the Hong Kong Public Offering” or if any application is revoked or any allocation pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Hong Kong Public Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC where the share certificates will be deposited into CCASS as described below).

No temporary documents of title will be issued in respect of the Hong Kong Public Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course, these will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your Application Form:

- (a) (i) share certificates for all the Hong Kong Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificates for the number of Hong Kong Public Offer Shares successfully applied for, if the application is partially successful (except for wholly successful and partially successful applicants on **YELLOW** Application Forms whose share certificates will be deposited into CCASS as described below); and/or
- (b) refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Hong Kong Public Offer Share paid on application in the event that the Offer Price is less than the initial price per Hong Kong Public Offer Share paid on application, in each case including the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and share certificates for successful applicants under **WHITE** Application Forms are expected to be posted on or before Thursday, May 7, 2009. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

**(a) If you apply using a WHITE Application Form:**

- If you apply for 1,000,000 Hong Kong Public Offer Shares or more on a **WHITE** Application Form and have indicated in your Application Form that you wish to collect refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, May 7, 2009 or any other date as notified by us in the newspapers as the date of despatch of refund cheques/ share certificates.
- If you are an individual who has applied for 1,000,000 Hong Kong Public Offer Shares or more and who opt for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant who has applied for 1,000,000 Hong Kong Public Offer Shares or more and which opt for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.
- If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) within the time specified for collection, they will be sent to the address as specified in your Application Form in the afternoon on the date of despatch by ordinary post and at your own risk.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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If you have applied for 1,000,000 Hong Kong Public Offer Shares or above and have not indicated on your Application Form that you will collect your share certificate(s) and/or refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Hong Kong Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering," or if your application is revoked or any allotment pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, the Hong Kong Stock Exchange trading fee, the SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Thursday, May 7, 2009 by ordinary post and at your own risk.

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, May 8, 2009 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting-Grounds for Termination" has not been exercised.

**(b) If you apply using a YELLOW Application Form:**

If you apply for Hong Kong Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Thursday, May 7, 2009, or in the event of contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) for Hong Kong Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering, on the website of the Hong Kong Stock Exchange at **www.hkex.com.hk** and the Company's website at **www.zhongwang.com**, in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Thursday, May 7, 2009. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 7, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your CCASS Investor Participant stock account, you can check the number of Hong Kong Public Offer Shares allocated to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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If you apply for 1,000,000 Hong Kong Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque(s) (if any) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Hong Kong Public Offer Shares or above and have not indicated on your Application Forms that you will collect your refund cheque(s) (if any) in person, or you do not collect your refund cheque(s) (if any) in person within the time specified for its collection where you have indicated on your **YELLOW** Application Form that you wish to collect such in person, or you have applied for less than 1,000,000 Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering," or if your application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, the Hong Kong Stock Exchange trading fee, the SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Thursday, May 7, 2009 by ordinary post and at your own risk.

### II. Applying by using White Form eIPO

- (i) You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk**. If you apply through **White Form eIPO** the Shares will be issued in your own name.
- (ii) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.
- (iii) The designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (iv) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our Hong Kong Share Registrar.
- (v) You may submit an application through the **White Form eIPO** service in respect of a minimum of 400 Hong Kong Public Offer Shares. Each **electronic application instruction** in respect of more than 400 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.
- (vi) You should give **electronic application instructions** through **White Form eIPO** at the times set out in the paragraph headed "Members of the public – Time for applying for the Hong Kong Public Offer Shares by using **White Form eIPO**."



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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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- (vii) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. If you do not make complete payment of the application monies (including the brokerage fee, the Hong Kong Stock Exchange trading fee, and the SFC transaction levy) on or before 12:00 noon on Wednesday, April 29, 2009, or such later time as described under the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists," the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.
- (viii) Warning: The application for Hong Kong Public Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, our Directors, the Joint Global Coordinators and the Hong Kong Underwriters take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong Public Offer Shares.

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-served and electronic application process. As environmental protection is part of Computershare's Corporate Social Responsibility Program, Computershare Hong Kong Investor Services Limited will contribute HK\$2 per each "China Zhongwang Holdings Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please see the paragraph headed "How many applications you may make" above.

### **Members of the public – Time for applying for the Hong Kong Public Offer Shares by using White Form eIPO**

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Friday, April 24, 2009 until 11:30 a.m. on Wednesday, April 29, 2009 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application" under this section below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, April 29, 2009, the last application day, or, if the application lists are not open on that day, then by the time and date stated in "Effect of bad weather on the opening of the application lists."

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

### **Despatch/collection of share certificates and refund cheque if you apply using a White Form eIPO**

If you apply for 1,000,000 Hong Kong Public Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) and your application is wholly or partially successful, you may collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, May 7, 2009, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/refund cheques. If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) on Thursday, May 7, 2009, by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in the section headed "Terms and Conditions of the Hong Kong Public Offering – 9. Additional information for applicants applying through **White Form eIPO**" in this prospectus.

### **III. Applying by giving electronic application instructions to HKSCC**

#### **General**

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**

Customer Service Center  
2/F Vicwood Plaza  
199 Des Voeux Road Central  
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to us and to the Hong Kong Share Registrar.

You may give **electronic application instructions** in respect of a minimum of 400 Hong Kong Public Offer Shares. Each **electronic application instruction** in respect of more than 400 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

### **Effect of giving electronic application instructions to HKSCC**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to us or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Hong Kong Public Offer Share paid on application, refund of the application monies, in each case including the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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### Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

### Minimum subscription amount and permitted multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 400 Hong Kong Public Offer Shares. Such instructions in respect of more than 400 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms.

### Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the specified times on the following dates:

<b>Friday, April 24, 2009</b>	<b>– 9:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Saturday, April 25, 2009</b>	<b>– 8:00 a.m. to 1:00 p.m.<sup>(1)</sup></b>
<b>Monday, April 27, 2009</b>	<b>– 8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Tuesday, April 28, 2009</b>	<b>– 8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Wednesday, April 29, 2009</b>	<b>– 8:00 a.m.<sup>(1)</sup> to 12:00 noon</b>

(1) These times may be subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, April 24, 2009 until 12:00 noon on Wednesday, April 29, 2009 (24 hours daily, except the last application day).

### Effect of bad weather on the last application day

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, April 29, 2009, the last application day. If:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 29, 2009, the last application day will be postponed to the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day. If the application lists of the Hong Kong Public Offering do not open and close on Wednesday, April 29, 2009 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed “Expected Timetable,” such dates mentioned in the section headed “Expected Timetable” may be affected. A press announcement will be made in such event.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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### Allocation of Hong Kong Public Offer Shares

For the purposes of allocating the Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

### Deposit of share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Thursday, May 7, 2009, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner, where supplied) and the basis of allotment of the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Thursday, May 7, 2009 in the manner described above in the paragraph headed "Results of allocations." You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 7, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, May 7, 2009. Immediately following the credit of the Hong Kong Public Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Hong Kong Public Offer Share paid on application, in each case including the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, May 7, 2009. No interest will be paid thereon.

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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### Section 40 of the Companies Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

### Personal data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us, our Hong Kong Share Registrar, receiving banker, the Joint Global Coordinators, the Hong Kong Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

### Warning

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, the Directors, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, April 29, 2009.

### IV. How much are the Hong Kong Public Offer Shares

The maximum offer price is HK\$8.80 per Hong Kong Public Offer Share. You must also pay the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 400 Hong Kong Public Offer Shares you will pay HK\$3,555.52. The Application Forms have tables showing the exact amount payable for certain numbers of Hong Kong Public Offer Shares up to 70,000,000 Shares.

You must pay the amount payable upon application for the Hong Kong Public Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form or this prospectus (if you apply by an Application Form). Please refer also to the paragraph headed "How to Make Payment for the Application" of this section.

If your application is successful, brokerage fee is paid to participants of the Hong Kong Stock Exchange or the Hong Kong Stock Exchange (as the case may be), the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

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## HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

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### **V. Refund of application monies**

If you do not receive any Hong Kong Public Offer Shares for any reason, we will refund your application monies, including the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for the benefit of our Company.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the initial price per Hong Kong Public Offer Share (excluding the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% thereon) paid on application, we will refund the surplus application monies, together with the related brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, without interest.

Refund cheques for surplus application monies (if any) under **WHITE** or **YELLOW** Application Forms or **White Form eIPO** and share certificates for successful applicants under **WHITE** Application Forms and **White Form eIPO** are expected to be posted and/or available for collection (as the case may be) on or around Thursday, May 7, 2009.

For further information on arrangements for the despatch/collection of share certificates and refunds of application monies, please refer to the section headed "Terms and Conditions of the Hong Kong Public Offering – Refund of Your Application Monies – Additional Information." in this Prospectus.

### **VI. Dealings and settlement**

#### **Commencement of dealings in the shares**

Dealings in our Shares on the Hong Kong Stock Exchange are expected to commence on Friday, May 8, 2009. Our Shares will be traded in board lots of 400 Shares each. The stock code of our Shares is 1333.

#### **Shares will be eligible for admission into CCASS**

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made for our Shares to be admitted into CCASS.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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### 1. GENERAL

- (a) If you apply for the Hong Kong Public Offer Shares in the Hong Kong Public Offering, you will be agreeing with our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the terms as set out below.
- (b) If you electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.
- (c) If you give **electronic application instructions** to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk**, you will have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.
- (d) In this section, references to “you,” “applicants,” “joint applicants” and other like references shall, if the context so permits, include references to both nominees and principals on whose behalf HKSCC Nominees or the **White Form eIPO** Service Provider is applying for the Hong Kong Public Offer Shares; and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC or by giving an application to the **White Form eIPO** Service Provider through the designated website for the **White Form eIPO** service.
- (e) Applicants should read this prospectus carefully, including other terms and conditions of the Hong Kong Public Offering, the paragraph headed “The Hong Kong Public Offering” in the section headed “Structure of the Global Offering” and in the section headed “How to Apply for Hong Kong Public Offer Shares” in this prospectus and the terms and conditions set out in the relevant Application Form or imposed by HKSCC and/or the **White Form eIPO** Service Provider (as the case may be) prior to making an application for the Hong Kong Public Offer Shares.

### 2. OFFER TO PURCHASE THE HONG KONG PUBLIC OFFER SHARES

- (a) You offer to purchase from our Company at the Offer Price the number of the Hong Kong Public Offer Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.
- (b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Public Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including brokerage fee of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005% attributable thereto), is expected to be sent to you at your own risk to the address stated on your Application Form by ordinary post. Details of the procedure for refunds relating to each of the Hong Kong Public Offering methods are contained below in the paragraphs headed “If your application for the Hong Kong Public Offer Shares is successful (in whole or in part)” and “Refund of your application monies-additional information” in this section.



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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (c) Any application may be rejected in whole or in part.
- (d) Applicants under the Hong Kong Public Offering should note that in no circumstances (save for those provided under section 40 of the Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

### 3. ACCEPTANCE OF YOUR OFFER

- (a) The Hong Kong Public Offer Shares will be allocated after the application lists close. Our Company expects to announce the Offer Price, the level of indication of interest in the International Offering, the basis of allotment and the results of successful applicants under the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before Thursday, May 7, 2009.
- (b) The results of allocations of the Hong Kong Public Offer Shares under the Hong Kong Public Offering, including the Hong Kong identity Card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants (where supplied) and the number of Hong Kong Public Offer Shares successfully applied for, will be made available on Thursday, May 7, 2009 in the manner described in the paragraph headed "Results of allocations" in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus.
- (c) Our Company may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.
- (d) If our Company accepts your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.
- (e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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### 4. HOW MANY APPLICATIONS YOU CAN MAKE

(a) You may make more than one application for the Hong Kong Public Offer Shares only if:

- You are a nominee, in which case you may make an application as a nominee by:
  - (i) giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Participant); and (ii) using a **WHITE** or **YELLOW** Application Form and lodging more than one Application Form in your own name on behalf of different beneficial owners. In the box on the **WHITE** or **YELLOW** Application Form marked “For nominees” you must include:
    - an account number; or
    - an identification code for each beneficial owner (or in case of joint beneficial owners, for such joint beneficial owner). If you do not include this information, the application will be deemed to be made for your benefit.

**Otherwise, multiple applications are liable to be rejected.**

(b) All of your applications under the Hong Kong Public Offering (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) will be rejected as multiple applications if you, or you and your joint applicants together or any of your joint applicants:

- make more than one application whether individually or jointly with others on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or applying through a CCASS Clearing or Custodian Participant) or to the **White Form eIPO** Service Provider through the **White Form eIPO** service;
- apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the **White Form eIPO** service provider via the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk));
- apply (whether individually or jointly with others) on one (or more) **WHITE** or **YELLOW** Application Form (whether individually or jointly with others) or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider through the **White Form eIPO** service to apply for more than 50% of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offering; or
- have applied for or taken up, or indicated an interest in applying for or taking up or have been or will be placed (including conditionally and/or provisionally) any International Offer Shares under the International Offering.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the **White Form eIPO** Service Provider to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** to the **White Form eIPO** Service Provider through the designated website and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

- (c) All of your applications for the Hong Kong Public Offer Shares are liable to be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and: (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be deemed to be made for your benefit. Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange. Statutory control in relation to a company means you: (i) control the composition of the board of directors of that company; or (ii) control more than half of the voting power of that company; or (iii) hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 5. EFFECT OF MAKING ANY APPLICATION

- (a) By completing and submitting any Application Form, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:
- instruct and authorize our Company and the Joint Global Coordinators (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Hong Kong Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;
  - undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Public Offer Shares allocated to you, and as required by the Articles;

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- represent and warrant that you understand that the Offer Shares have not been and will not be registered under the U.S. Securities Act, that you are not a U.S. person (as defined in Regulation S) and that you are outside the United States when completing the Application Form (as defined in Regulation S) and are not, and none of the other person for whose benefit you are applying, is a U.S. person (as defined in Regulation S) described under the U.S. Securities Act and will be acquiring the Offer Shares in an offshore transaction (as defined under Regulation S);
- confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and not on any other information or representation concerning our Company and you agree that neither our Company, the Joint Global Coordinators and the Hong Kong Underwriters nor any of their respective directors, officers, employees, partners, agents, advisors or any other parties involved in the Global Offering will have any liability for any such other information or representations;
- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation;
- (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** application form or by giving **electronic application instructions** to HKSCC (if you are a CCASS Participant or applying through a CCASS Clearing Participant or a CCASS Custodian Participant) or to the **White Form eIPO** Service Provider through the **White Form eIPO** service;
- (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** application form or by giving **electronic application instructions** to HKSCC (if you are a CCASS Participant or applying through a CCASS Clearing Participant or a CCASS Custodian Participant) or to the **White Form eIPO** Service Provider through the **White Form eIPO** Service, and that you are duly authorized to sign the application form or to give **electronic application instruction** as that other person's agent;
- agree that once your application is accepted, your application will be evidenced by the results of the Hong Kong Public Offering made available by our Company;
- undertake and confirm that you (if the application is made for your benefit) other person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Offer Shares in the International Offering, nor otherwise participate in the International Offering;

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- warrant the truth and accuracy of the information contained in your application;
- agree to disclose to our Company, the Joint Global Coordinators, the Hong Kong Underwriters and their respective advisers, officers, agents personal data or any information about you or the person(s) for whose benefit you have made the application which they require;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;
- authorize our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on the register of members of our Company as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the application form by ordinary post at your own risk to the address stated on your Application Form (except that if you have applied for 1 million Hong Kong Public Offer Shares or more and have indicated in your Application Form that you wish to collect your share certificate(s) and/or refund cheque (where applicable) in person, then you can collect your share certificate(s) and/or refund cheque (where applicable) in person between 9:00 a.m. and 1:00 p.m. on Thursday, May 7, 2009 (Hong Kong time) from Computershare Hong Kong Investor Services Limited);
- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators and the Hong Kong Underwriters nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions set out in the Application Forms and in this prospectus;
- agree with our Company, for itself and for the benefit of each shareholder of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application to have agreed, for itself and on behalf of each shareholder of our Company) to observe and comply with the Companies Laws and the Articles;
- agree with our Company, each shareholder, director, supervisor, manager and officer of our Company, and our Company acting for itself and for each director, supervisor, manager and officer of our Company agrees with each shareholder, to refer all differences and claims arising from the Articles or any rights or obligations conferred or imposed by the Companies Laws or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- agree with our Company and each shareholder of our Company that our Shares are freely transferable by the holders thereof;
  - authorize our Company to enter into a contract on behalf of you with each director, supervisor and officer of our Company whereby such directors, supervisors and officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles;
  - confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Forms and agree to be bound by them;
  - confirm that you are aware of the restrictions on offering of the Offer Shares described in this prospectus; and
  - understand that these declarations and representations will be relied upon by our Company and the Joint Global Coordinators in deciding whether or not to allocate any Hong Kong Public Offer Shares in response to your application.
- (b) If you apply for the Hong Kong Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above you agree that
- any Hong Kong Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election on the application form;
  - each of HKSCC and HKSCC Nominees reserves the right in its absolute discretion (1) not to accept any or part of such allotted Hong Kong Public Offer Shares issued to you in the name of HKSCC Nominees or not to accept such allotted Hong Kong Public Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Public Offer Shares to be withdrawn from CCASS and transferred into your name at your own risk and costs; and (3) to cause such allotted Hong Kong Public Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the share certificates for such allotted Hong Kong Public Offer Shares at your own risk to the address on your application form by ordinary post or to make available the same for your collection;
  - each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Public Offer Shares issued in the name of HKSCC Nominees;
  - neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in the prospectus and the application forms;
  - neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (c) In addition, by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to do the following additional things and neither HKSCC nor HKSCC Nominees will be liable to our Company nor any other person in respect of such things:
- instruct and authorize HKSCC to cause HKSCC Nominees (acting as nominee for the CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
  - instruct and authorize HKSCC to arrange payment of the maximum Offer Price, the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% thereon by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications and/or if the final Offer Price is less than the maximum Offer Price of HK\$8.80 per Offer Share, refund the appropriate portion of the application money by crediting your designated bank account;
  - where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for Hong Kong Public Offer Shares, HKSCC Nominees are only acting as nominees for the applicants and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
  - instruct and authorize HKSCC to cause HKSCC Nominees to do on your behalf all the things which is stated to do on your behalf in the white application form;
  - (in addition to the confirmations and agreements set out in paragraph (a) above) instruct and authorize HKSCC to cause HKSCC Nominees to do on your behalf the following:
    - agree that the Hong Kong Public Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted **electronic application instructions** on your behalf;
    - undertake and agree to accept the Hong Kong Public Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;
    - undertake and confirm that you have not applied for or taken up or indicated an interest in or received or been placed is allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Offer Shares under the International Offering and will not otherwise participate in the International Offering;
    - (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

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- (if you are an agent for another person) declare that you have given only one set of **electronic application instructions** for the benefit of that other person, and that you are duly authorized to give those instructions as that other person's agent;
- understand that the above declaration will be relied upon by our Company and the Joint Global Coordinators in deciding whether or not to make any allocation of the Hong Kong Public Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;
- authorize our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Public Offer Shares allocated in respect of your **electronic application instructions** and to send share certificates and/or refund monies in accordance with arrangements separately agreed between our Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them and are aware of the restrictions on the Hong Kong Public Offering described in this prospectus;
- confirm that you have only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your CCASS Clearing Participant or CCASS Custodian Participant to give **electronic application instructions** on your behalf;
- agree that our Company, the Joint Global Coordinators and the Underwriters and any of their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (to the extent relevant or applicable) are liable only for the information and representations contained in this prospectus;
- agree (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agree to disclose your personal data to the Joint Global Coordinators, our Company, the Hong Kong Share Registrar, the receiving banker(s) and Hong Kong Underwriters, their respective agents and advisors together with any information about you which they require or the person(s) for whose benefit you have made the application;



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- agree that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before Thursday, May 21, 2009, such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before Thursday, May 21, 2009, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day (including Saturday)) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agree that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked and that acceptance of that application will be evidenced by the results of the Hong Kong Public Offering made available by our Company;
- agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC and read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to the Hong Kong Public Offer Shares; and
- agree with our Company for itself and for the benefit of each of our Shareholders (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law and the Articles.

Our Company, the Joint Global Coordinators and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.

In the event of the application being made is a joint application, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally. You may be prosecuted if you make a false declaration.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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### 6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allocated Hong Kong Public Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note the following situations in which Hong Kong Public Offer Shares will not be allocated to you or your application is liable to be rejected:

#### (a) If your application is revoked:

By completing and submitting an Application Form or submitting **electronic application instructions** to the **White Form eIPO** Service Provider through the **White Form eIPO** service or to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf may only be revoked after Thursday, May 21, 2009. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to the **White Form eIPO** Service Provider or to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before Thursday, May 21, 2009 except by means of one of the procedures referred to in the prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day (including Saturday)) if a person responsible for the prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for the prospectus.

If any supplement to the prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If application(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in English in South China Morning Post and in Chinese in Hong Kong Economic Times of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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**(b) If the allocation of Hong Kong Public Offer Shares is void:**

The allocation of Hong Kong Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply using a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing of the application lists.

**(c) If you make applications under the Hong Kong Public Offering as well as the International Offering:**

By filling in any of the Application Forms or giving application instructions to HKSCC electronically or to the **White Form eIPO** Service Provider under the **White Form eIPO** service, you agree not to apply for International Offer Shares under the International Offering. Reasonable steps will be taken to identify and reject applications under the Hong Kong Public Offering from investors who have received International Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Public Offer Shares in the Hong Kong Public Offering.

**(d) If our Company, the Joint Global Coordinators or the White Form eIPO Service Provider (where applicable) or their respective agents or nominees exercise their discretion to reject your application:**

Our Company, the Joint Global Coordinators and the **White Form eIPO** Service Provider (where applicable) or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

**(e) Your application will be rejected or not be accepted if:**

- your application is a multiple or a suspected multiple application;
- your application form is not completed in accordance with the instructions as stated therein (if you apply by an Application Form);
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored on its first presentation;

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- you or the person for whose benefit you are applying have applied for or taken up or indicated interest for and/or have received or have been or will be placed or allocated (including conditionally and/or provisionally) the International Offer Shares under the International Offering;
- if you apply for more than 50% of the Hong Kong Public Offer Shares initially being offered in the public for subscription;
- any of the Underwriting Agreements does not become unconditional or it is terminated in accordance with the terms thereof; or
- the Company and the Joint Global Coordinators (as agent of the Company) believes that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdictions in which your application is completed and signed.

### **7. IF YOUR APPLICATION FOR THE HONG KONG PUBLIC OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)**

**You will receive one share certificate for all of the Hong Kong Public Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on YELLOW Application Forms or by electronic application instructions to HKSCC via CCASS, in which case share certificates will be deposited in CCASS).**

**Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, May 8, 2009 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for Termination” in this prospectus has not been exercised.**

#### **(a) If you are applying using a WHITE application form and you elect to receive any share certificate(s) in your name:**

- Refund cheques for these applicants who apply for less than 1,000,000 Shares and who apply for 1,000,000 Shares or more and have not indicated in their Application Forms that they wish to collect share certificates and (where applicable) refund cheque are expected to be despatched on or before Thursday, May 7, 2009 to the same address as that for share certificate(s), being the address specified on the relevant Application Form.
- Applicants who apply on **WHITE** application forms for 1,000,000 Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect share certificates and (where applicable) refund cheques in person from our Company’s Hong Kong Share Registrar may collect share certificates and (where applicable) refund cheques in person from our Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, May 7, 2009.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- Applicants being individuals who are applying for 1,000,000 Hong Kong Public Offer Shares or more and opt for personal collection cannot authorize any other person to make collection on their behalf. Corporate applicants who are applying for 1,000,000 Hong Kong Public Offer Shares or more and opt for personal collection must attend by their authorized representatives bearing letters of authorization from the corporation stamped with the corporation's respective chops. Both individuals and authorized representative (where applicable) must produce, at the time of collection, evidence of identity acceptable to our Company's Hong Kong Share Registrar.
- Uncollected share certificates and (where applicable) refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms.

**(b) If: (i) you are applying on a YELLOW Application Form; or (ii) you are giving electronic application instructions to HKSCC, and in each case you elect to have allocated Hong Kong Public Offer Shares deposited directly into CCASS:**

If your application is wholly or partly successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you (on the application form or electronically, as the case may be), at the close of business on Thursday, May 7, 2009 or, under certain contingent situations, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- **If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a YELLOW Application Form:**

For Hong Kong Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allocated to you with that CCASS Participant.

- **If you are applying as a CCASS Investor Participant on a YELLOW Application Form:**

Our Company is expected to make available the results of the Hong Kong Public Offering, including the results of CCASS Investor Participants' applications, in the manner described in the paragraph headed "Results of allocations" in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus on Thursday, May 7, 2009. You should check the results made available by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 7, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your CCASS Investor Participant stock account you can check your new account balance via the CCASS Phone System or CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your stock account.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- **If you have given electronic application instructions to HKSCC:**

Our Company is expected to make available the application results of the Hong Kong Public Offering, including the results of CCASS Participants' applications (and in the case of CCASS Clearing Participants and CCASS Custodian Participants, our Company shall include information relating to the beneficial owner, if supplied), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (as appropriate) in the manner described in the paragraph headed "Results of allocations" in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus on Thursday, May 7, 2009. You should check the results made available by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 7, 2009 or any other date HKSCC or HKSCC Nominees chooses.

- **If you are instructing your CCASS Clearing Participant or CCASS Custodian Participant to give electronic application instructions to HKSCC on your behalf:**

You can also check the number of Hong Kong Public Offer Shares allocated to you and the amount of refund (if any) payable to you with that CCASS Clearing Participant or CCASS Custodian Participant.

- **If you are applying as a CCASS Investor Participant by giving electronic application instructions to HKSCC:**

You can also check the number of the Hong Kong Public Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, May 7, 2009.

Immediately after the credit of the Hong Kong Public Offer Shares to your CCASS Investor Participant stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the Hong Kong Public Offer Shares credited to your stock account and the amount of refund credited to your designated bank account (if any).

**(c) If you apply through White Form eIPO:**

If you apply for 1,000,000 Hong Kong Public Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, May 7, 2009, or such other date as notified by our Company in the newspapers as the date of despatch/ collection of share certificates/refund cheques.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the **White Form eIPO** Service Provider on Thursday, May 7, 2009 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the **White Form eIPO** Service Provider set out below in "9. Additional Information for Applicants Applying Through **White Form eIPO**."

**No receipt will be issued for application monies paid. Our Company will not issue temporary documents of title.**

### **8. REFUND OF YOUR APPLICATION MONIES – ADDITIONAL INFORMATION**

- (a) In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Global Coordinators, cheque or banker's cashier order for applications for certain small denominations of Hong Kong Public Offer Shares (apart from successful and reserved applications) may be eliminated in a pre-balloting. In such circumstances, the cheques or banker's cashier orders accompany such applications on the Application Form will not be presented for clearing and therefore such applications will not be entitled to a refund.
- (b) You will be entitled to a refund (any interest accrued on refund money prior to the date of despatch of refund cheques will be retained for the benefit of our Company) if:
- your application is not successful, in which case our Company will refund your application money together with the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee to you, without interest;
  - your application is accepted only in part, in which case our Company will refund the appropriate portion of your application money, the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee, without interest;
  - the Offer Price (as finally determined) is less than the price per Hong Kong Public Offer Share initially paid by the applicant on application, in which case our Company will refund the surplus application money together with the appropriate portion of the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee, without interest; and
  - the conditions of the Global Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering" in this prospectus.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (c) If you apply on **YELLOW** Application Form for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have indicated on your Application Form that you wish to collect your refund cheque in person, you may collect your refund cheque (if any) in person from our Company's Hong Kong Share Registrar on Thursday, May 7, 2009. The procedure for collection of refund cheques for **YELLOW** Application Form applicants is the same as that for **WHITE** Application Form applicants set out in sub-paragraph (a) of the paragraph headed "If your application for the Hong Kong Public Offer Shares is successful (in whole or in part)" in this section.

If you have applied for 1,000,000 Hong Kong Public Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Thursday, May 7, 2009, by ordinary post and at your own risk.

- (d) If you are applying by giving electronic instructions to HKSCC to apply on your behalf, all refunds are expected to be credited to your designated bank account (if you are applying as a CCASS Investor Participant) or the designated bank account of your broker or custodian (if you are applying through a CCASS Clearing/Custodian Participant) on Thursday, May 7, 2009.
- (e) All refunds by cheque will be crossed "Account Payee Only," and made out to you, or if you are a joint applicant, to the first-named applicant on your application form.
- (f) Refund cheques are expected to be despatched on Thursday, May 7, 2009. Our Company intends to make special efforts to avoid undue delays in refunding money.
- (g) Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data will be used for checking the validity of Application Forms and such data may also be transferred to a third party for such purpose and refund purpose. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/ passport number may lead to delay in encashment of or may invalidate your refund cheque.

### 9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING THROUGH WHITE FORM eIPO

For the purposes of allocating Hong Kong Public Offer Shares, each applicant giving **electronic application instructions** through the **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Public Offer Shares for which you have applied, or if your application is otherwise rejected by the **White Form eIPO** Service Provider, the **White Form eIPO** Service Provider may adopt alternative arrangements for the refund monies to you. Please refer to the additional information provided by the **White Form eIPO** Service Provider on the designated website [www.eipo.com.hk](http://www.eipo.com.hk).



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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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Otherwise, any monies payable to you due to a refund for any of the reasons set out above in “– 8. Refund of your application monies – additional information” shall be made pursuant to the arrangements described above in “– 7. If your application for the Hong Kong Public Offer Shares is successful (in whole or in part) – (c) If you apply through **White Form eIPO.**”

### **10. PERSONAL DATA**

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the “Ordinance”) came into effect in Hong Kong on December 20, 1996. This Personal Information Collection Statement informs the applicant for and holder of the Hong Kong Public Offer Shares of the policies and practices of our Company and its Hong Kong Share Registrar in relation to personal data and the Ordinance.

#### **(a) Reasons for the collection of your personal data**

From time to time it is necessary for applicants or registered holders of securities to supply their latest correct personal data to our Company or its agents and our Company’s Hong Kong Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of our Company’s Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of our Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Public Offer Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or the despatch of or encashment of refund cheque(s) to which you are entitled.

It is important that applicants and holders of securities inform our Company and our Company’s Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

#### **(b) Purposes**

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Public Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registers of holders of securities of our Company;
- conducting or assisting to conduct signature verifications, any other verification or exchange of information;

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules, regulations or the Articles;
- disclosing identities of successful applicants by way of press announcement or otherwise;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and its Hong Kong Share Registrar to discharge their obligations to holders of securities and/or regulators and/or any other purpose to which the holders of securities may from time to time agree.

### **(c) Transfer of personal data**

Personal data held by our Company and our Company's Hong Kong Share Registrar relating to the applicants and the holders of securities will be kept confidential but our Company and our Company's Hong Kong Share Registrar may, to the extent necessary for achieving the above purposes or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain or transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to or from any and all of the following persons and entities:

- our Company or its appointed agents such as the Joint Global Coordinators, the Hong Kong Underwriters, financial advisors, receiving bankers and our Company's principal share registrar and Hong Kong Share Registrar;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Hong Kong Public Offer Shares to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to our Company and/or the Company's Hong Kong Share Registrar in connection with the operation of their businesses;
- the Hong Kong Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.
- By signing an application form or by giving **electronic application instructions** to HKSCC, you agree to all of the above.

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## TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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### **(d) Access and correction of personal data**

The Ordinance provides the applicants and the holders of securities with rights to ascertain whether our Company and/or our Company's Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Ordinance, our Company and our Company's Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices or the kinds of data held should be addressed to our Company for the attention of our Company Secretary or (as the case may be) our Company's Hong Kong Share Registrar for the attention of the Privacy Compliance Officer (for the purposes of the Ordinance).

## **11. MISCELLANEOUS**

### **(a) Commencement of dealings in our Shares**

- Dealings in our Shares on the Main Board are expected to commence at 9:30 a.m. on Friday, May 8, 2009.
- Our Shares will be traded in board lots of 400 Shares.
- Any share certificates in respect of the Hong Kong Public Offer Shares collected or received by successful applicants will not be valid if the Global Offering is terminated in accordance with the terms of the Hong Kong Underwriting Agreements.

### **(b) Our Shares will be eligible for admission into CCASS**

- If the Hong Kong Stock Exchange grants the listing of and permission to deal in our Shares and the stock admission requirements of HKSCC are complied with, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.
- All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.
- Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangement may affect their rights and interests.
- All necessary arrangements have been made for our Shares to be admitted into CCASS.

*The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants to the Company.*

## **Deloitte.**

**德勤**

24 April 2009

The Directors  
China Zhongwang Holdings Limited  
CITIC Securities Corporate Finance (HK) Limited  
UBS AG

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding China Zhongwang Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2008 (the "Relevant Periods") for inclusion in the prospectus of the Company dated 24 April 2009 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 29 January 2008. Pursuant to a corporate reorganization ("Corporate Reorganization"), as more fully explained in the section headed "Our history and corporate structure" to the Prospectus, the Company became the holding company of the companies comprising the Group on 8 August 2008.

As at the date of this report, the particulars of the Company's subsidiaries are as follows:

Name of the company	Place and date of incorporation/ establishment	Place of operation	Equity interest attributable to the Group as at				date of this report	Issued and fully paid share capital/ registered capital	Principal activities
			2006	2007	2008	31 December			
Liaoning Zhongwang Group Co., Ltd. ("Zhongwang PRC") #	The People's Republic of China (the "PRC") 18 January 1993	The PRC	100%	100%	100%	100%	US\$140,000,000	Manufacturing of aluminum products	
Zhongwang China Investment Limited ("ZCIL (BVI)")	British Virgin Islands ("BVI") 19 December 2007	The PRC	N/A	100%	100%	100%	US\$1.00	Investment holding	
Zhongwang China Investment (HK) Limited ("ZCIL (HK)")	Hong Kong ("HK") 23 January 2008	The PRC	N/A	N/A	100%	100%	HK\$1.00	Investment holding	

# Wholly foreign owned enterprise registered in the PRC.

All the companies comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company and ZCIL (BVI) since their respective dates of incorporation as these companies have not carried on any business other than acting as investment holding company and it is incorporated in a country where there is no such statutory requirement.

No audited financial statements have been prepared for ZCIL (HK) for the period from the date of incorporation to 31 December 2008 as the period is less than one year.

The statutory financial statements of Zhongwang PRC for each of the two years ended 31 December 2007 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by Zhongxingyu Certified Public Accountants Co., Ltd. (中興宇會計師事務所有限責任公司), a certified public accountant registered in the PRC. No statutory financial statements for the year ended 31 December 2008 have been issued.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods ("Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Deloitte Touche Tohmatsu CPA Ltd. have audited the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared in accordance with IFRS based on the Underlying Financial Statements and is presented, on the basis set out in note 1 to the Financial Information. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of the respective companies who approved their issue. The Company's directors are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2008 and the Group as at 31 December 2006, 2007 and 2008, and of the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

## (A) FINANCIAL INFORMATION

## Consolidated income statements

	NOTES	Year ended 31 December		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
Revenue . . . . .	6	6,075,225	7,521,266	11,264,429
Cost of sales . . . . .		<u>(4,965,679)</u>	<u>(5,906,555)</u>	<u>(8,162,134)</u>
Gross profit . . . . .		1,109,546	1,614,711	3,102,295
Investment income . . . . .	8	51,619	42,062	74,107
Other income . . . . .	9	9,256	13,455	32,999
Selling and distribution costs . . . . .		(115,725)	(122,442)	(169,921)
Administrative and other operating expenses . . . . .		(77,547)	(84,851)	(108,946)
Finance costs . . . . .	10	<u>(208,598)</u>	<u>(289,585)</u>	<u>(286,573)</u>
Profit before taxation . . . . .		768,551	1,173,350	2,643,961
Taxation . . . . .	11	<u>(217,125)</u>	<u>(321,192)</u>	<u>(733,523)</u>
Profit for the year . . . . .	12	<u>551,426</u>	<u>852,158</u>	<u>1,910,438</u>
Dividends	14			
– recognized as distributions during the year . . . . .		<u>–</u>	<u>–</u>	<u>2,000,000</u>
– proposed . . . . .		<u>–</u>	<u>–</u>	<u>1,000,000</u>
Earnings per share				
Basic (RMB) . . . . .	15	<u>0.14</u>	<u>0.21</u>	<u>0.48</u>

## Balance sheets

	NOTES	THE GROUP			THE COMPANY
		At 31 December			At
		2006	2007	2008	31 December
		RMB'000	RMB'000	RMB'000	2008
					RMB'000
Non-current assets					
Property, plant and equipment . . . . .	16	2,869,057	3,271,826	3,304,694	–
Investment properties . . . . .	17	26,880	25,470	–	–
Prepaid lease payments . . . . .	18	107,883	107,472	65,190	–
Deposits for acquisition of property, plant and equipment . . . . .		329,562	356,850	4,027	–
Investment in a subsidiary . . . . .	39	–	–	–	1,332,607
Amount due from a subsidiary . . . . .	40	–	–	–	2,054,670
		<u>3,333,382</u>	<u>3,761,618</u>	<u>3,373,911</u>	<u>3,387,277</u>
Current assets					
Inventories . . . . .	19	1,595,811	1,359,595	1,058,768	–
Trade receivables . . . . .	20	638,682	686,694	523,905	–
Other receivables, deposits and prepayments . . . . .	21	1,253,743	1,219,548	2,386,851	–
Prepaid lease payments . . . . .	18	2,327	2,370	1,472	–
Amounts due from related parties . . . . .	22	150,612	20,536	22,170	–
Amount due from a subsidiary . . . . .	40	–	–	–	2,000,000
Held-for-trading investments . . . . .	23	3,919	2,724	1,431	–
Pledged bank deposits . . . . .	24	1,539,607	1,126,130	1,230,750	–
Bank balances and cash . . . . .	25	1,711,672	2,833,543	4,261,817	–
		<u>6,896,373</u>	<u>7,251,140</u>	<u>9,487,164</u>	<u>2,000,000</u>
Current liabilities					
Trade payables . . . . .	26	53,453	23,781	24,820	–
Bills payable . . . . .	27	2,698,366	2,146,488	2,351,200	–
Other payables and accrued charges . . . . .		123,451	175,375	258,574	–
Amounts due to related parties . . . . .	22	1,649,432	1,561,472	320	–
Tax liabilities . . . . .		217,126	321,192	200,447	–
Short term debenture . . . . .	28	668,474	593,550	2,000,000	–
Bank loans . . . . .	29	1,746,973	2,636,262	2,640,638	–
Dividend payable . . . . .		–	–	2,000,000	2,000,000
		<u>7,157,275</u>	<u>7,458,120</u>	<u>9,475,999</u>	<u>2,000,000</u>
Net current (liabilities) assets . . . . .		<u>(260,902)</u>	<u>(206,980)</u>	<u>11,165</u>	<u>–</u>
Total assets less current liabilities . . . . .		<u>3,072,480</u>	<u>3,554,638</u>	<u>3,385,076</u>	<u>3,387,277</u>
Capital and reserves					
Paid-in capital/share capital . . . . .	30	394,299	394,299	350,877	350,877
Reserves . . . . .	41	2,048,181	2,900,339	2,854,199	3,036,400
		<u>2,442,480</u>	<u>3,294,638</u>	<u>3,205,076</u>	<u>3,387,277</u>
Non-current liabilities					
Bank loans . . . . .	29	630,000	260,000	130,000	–
Deferred tax liabilities . . . . .	32	–	–	50,000	–
		<u>630,000</u>	<u>260,000</u>	<u>180,000</u>	<u>–</u>
		<u>3,072,480</u>	<u>3,554,638</u>	<u>3,385,076</u>	<u>3,387,277</u>



## Consolidated statements of changes in equity

	Attributable to equity holders of the Company							Total RMB'000
	Paid-in capital/ share capital RMB'000	Share Premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Surplus reserve RMB'000 (Note a)	Enterprise development fund RMB'000 (Note b)	Accumulated profits RMB'000	
At 1 January 2006 . . . . .	394,299	–	–	1,762	67,052	67,052	1,360,889	1,891,054
Profit for the year and total recognized income for the year . . . . .	–	–	–	–	–	–	551,426	551,426
Appropriations . . . . .	–	–	–	–	58,590	58,590	(117,180)	–
At 31 December 2006 . . . . .	394,299	–	–	1,762	125,642	125,642	1,795,135	2,442,480
Profit for the year and total income recognized for the year . . . . .	–	–	–	–	–	–	852,158	852,158
Appropriations . . . . .	–	–	–	–	87,171	87,171	(174,342)	–
At 31 December 2007 . . . . .	394,299	–	–	1,762	212,813	212,813	2,472,951	3,294,638
Profit for the year and total income recognized for the year . . . . .	–	–	–	–	–	–	1,910,438	1,910,438
Capitalization of accumulated profits of a subsidiary (note c) . . . . .	–	–	–	127,287	–	–	(127,287)	–
Capitalization of share premium (note 30) . . . . .	350,877	(350,877)	–	–	–	–	–	–
Issue of shares on 31 January 2008 (note 30) . . . . .	–	22	(22)	–	–	–	–	–
Issue of shares on 13 June 2008 (note 30) . . . . .	–	1,360,328	(1,360,328)	–	–	–	–	–
Issue of shares on 8 August 2008 (note 30) . . . . .	–	2,026,927	–	–	–	–	–	2,026,927
Reserve arising from corporate reorganization (note d) . . . . .	(394,299)	–	394,299	–	–	–	–	–
Deemed distributions (note e) . . . . .	–	–	(2,026,927)	–	–	–	–	(2,026,927)
Dividends . . . . .	–	–	–	–	–	–	(2,000,000)	(2,000,000)
Appropriations . . . . .	–	–	–	–	207,856	207,856	(415,712)	–
At 31 December 2008 . . . . .	350,877	3,036,400	(2,992,978)	129,049	420,669	420,669	1,840,390	3,205,076

## Notes:

- (a) The Articles of Association of Zhongwang PRC state that it may make an appropriation of 10% of its profit for the year (prepared under the generally accepted accounting principles in the PRC) each year to the surplus reserve at rate determined by directors of the relevant subsidiaries until the balance reaches 50% of the paid-in capital. The surplus reserve shall only be used for making good losses, capitalization into paid-in capital and expansion of its production and operation.
- (b) Pursuant to the PRC Company Law, Zhongwang PRC may make an allocation to the enterprise development fund from its profit for the year (prepared under the generally accepted accounting principles in the PRC) at a rate determined by directors of the relevant subsidiaries. The enterprise development fund can be used for making good losses and capitalization into paid-in-capital. Both the surplus reserve fund and the enterprise development fund form part of the shareholders' equity but are non-distributable other than in liquidation.
- (c) Pursuant to a resolution passed at the shareholders' meeting dated 6 August 2008, accumulated profits of RMB 127,287,000 was capitalized into the paid-in-capital of Zhongwang PRC.
- (d) Pursuant to the Corporate Reorganization completed on 8 August 2008, the ZCIL (HK) acquired the remaining 60% of the registered capital of Zhongwang PRC which became a wholly-owned subsidiary of the Company. Special reserve arising from the Corporate Reorganization amounted to RMB394,299,000.
- (e) The amount represents the consideration paid by ZCIL (HK) to Liaoyang City Aluminum Profile Product Co. Ltd ("Liaoyang Factory") for acquiring the remaining 60% equity interest in Zhongwang PRC which is already included in the consolidated financial statements during the Relevant Periods. Liaoyang Factory is a PRC established enterprise wholly-owned by Mr. Liu Zhong Tian ("Mr. Liu"), the controlling shareholder of the Group. Accordingly, the consideration paid is deemed as a distribution to Mr. Liu.

## Consolidated cash flow statements

	Year ended 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
OPERATING ACTIVITIES			
Profit before taxation . . . . .	768,551	1,173,350	2,643,961
Adjustments for:			
Interest expense . . . . .	208,598	289,585	286,573
Depreciation of property, plant and equipment . . . . .	258,403	263,351	316,213
Depreciation of investment properties . . . . .	1,410	1,410	350
Loss on disposal of property, plant and equipment . . . . .	8,431	14,008	995
Write down of inventories . . . . .	–	–	50,588
Investment income . . . . .	(51,619)	(42,062)	(74,107)
Release of prepaid lease payments . . . . .	2,133	2,313	1,526
Change in fair value of held-for-trading investments . . . . .	(2,216)	1,195	1,293
Allowances for bad and doubtful debtors in respect of for trade receivables . . . . .	1,532	557	47
Allowances for bad and doubtful debtors in respect of other receivables . . . . .	889	1,480	8,814
Gain on disposal of leasehold land . . . . .	–	(7,360)	–
Operating cash flows before movements in working capital . . . . .	1,196,112	1,697,827	3,236,253
Decrease (increase) in inventories . . . . .	127,401	236,216	250,239
Decrease (increase) in trade receivables . . . . .	83,530	(48,569)	162,742
(Increase) decrease in other receivables, deposits and prepayments . . . . .	(451,464)	32,715	(1,176,117)
(Increase) decrease in amounts due from related parties . . . . .	(1,348)	1,348	–
(Decrease) increase in trade payables . . . . .	(77,049)	(29,672)	1,039
Increase (decrease) in bills payable . . . . .	151,190	306,900	1,455,000
Increase (decrease) in amounts due to related parties . . . . .	48,193	(93,550)	–
(Decrease) increase in other payables and accrued charges . . . . .	(3,897)	51,924	33,977
Cash generated from operations . . . . .	1,072,668	2,155,139	3,963,133
Income tax paid . . . . .	(132,147)	(217,126)	(804,268)
NET CASH FROM OPERATING ACTIVITIES . . . . .	940,521	1,938,013	3,158,865

	NOTE	Year ended 31 December		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment . . .		(870,452)	(354,794)	(142,179)
Deposits paid for acquisition of property, plant and equipment . . . . .		(329,562)	(356,850)	(5,425)
Payments for prepaid lease . . . . .		(8,495)	(2,597)	(8,584)
(Increase) decrease in amounts due from related parties . . . . .		(140,383)	128,728	(1,634)
Proceeds from disposal of property, plant and equipment . . . . .		53,949	4,228	150,351
Proceeds from disposal of leasehold land . . . . .		–	8,012	50,238
Proceeds from disposal of investment properties . . . . .		–	–	25,120
Interest received . . . . .		51,500	39,191	74,107
Dividend income from investments held for trading . . . . .		119	2,871	–
Decrease (increase) in pledged bank deposits . .		249,130	413,477	(104,620)
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES . . . . .</b>		<u>(994,194)</u>	<u>(117,734)</u>	<u>37,374</u>
<b>FINANCING ACTIVITIES</b>				
(Decrease) increase in amounts due to related parties . . . . .		(344,514)	5,590	(1,561,152)
New borrowings raised . . . . .		9,724,302	4,797,981	3,354,131
Repayment of borrowings . . . . .		(9,441,379)	(5,137,470)	(4,730,043)
Short-term debenture raised . . . . .		668,474	593,550	2,000,000
Repayment of short-term debenture . . . . .		–	(700,000)	(600,000)
Interest paid . . . . .		(208,598)	(258,059)	(230,901)
Payment for transfer in of equity interest in Zhongwang PRC from Liaoyang Factory . . . . .		–	–	(2,026,927)
Issue of new shares . . . . .	30	–	–	2,026,927
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES . . . . .</b>		<u>398,285</u>	<u>(698,408)</u>	<u>(1,767,965)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS . . . . .</b>		<u>344,612</u>	<u>1,121,871</u>	<u>1,428,274</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR . . . . .</b>		<u>1,367,060</u>	<u>1,711,672</u>	<u>2,833,543</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash . . . . .</b>		<u><u>1,711,672</u></u>	<u><u>2,833,543</u></u>	<u><u>4,261,817</u></u>

## NOTES TO THE FINANCIAL INFORMATION

**1. BASIS OF PREPARATION OF FINANCIAL INFORMATION**

Pursuant to the Corporate Reorganization, which was completed by interspersing the Company, ZCIL (BVI) and ZCIL (HK) between Zhongwang PRC and certain companies under the control of Mr. Liu, the Company became the holding company of the companies now comprising the Group on 8 August 2008. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganization is regarded as a continuing entity. The Group was under the control of Mr. Liu prior to and after the Corporate Reorganization.

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period.

The consolidated balance sheets of the Group as at 31 December 2006, 2007 and 2008 have been prepared to present the assets and liabilities of the companies comprising the Group as at the respective dates as if the current group structure had been in existence at those dates.

The Financial Information is presented in Renminbi ("RMB"), which is the functional currency of the Company and its subsidiaries.

**2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS**

The Group has adopted all of new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for the financial year beginning on 1 January 2008 in the preparation of its Financial Information throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and revised International Accounting Standards ("IASs"), IFRS and interpretations which are not yet effective in respect of the Relevant Periods. The Group has not early adopted the following new and revised standards or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs May 2008 <sup>1</sup>
IFRSs (Amendments)	Improvements to IFRSs April 2009 <sup>2</sup>
IAS 1 (Revised)	Presentation of Financial Statements <sup>3</sup>
IAS 23 (Revised)	Borrowing Costs <sup>3</sup>
IAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>4</sup>
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>3</sup>
IAS 39 (Amendment)	Eligible Hedged Items <sup>4</sup>
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>3</sup>
IFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>3</sup>
IFRS 3 (Revised)	Business Combinations <sup>4</sup>
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>3</sup>
IFRS 8	Operating Segments <sup>3</sup>
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives <sup>5</sup>
IFRIC 13	Customer Loyalty Programmes <sup>6</sup>
IFRIC 15	Agreements for the Construction of Real Estate <sup>3</sup>
IFRIC 16	Hedges of a Net Investment in a Foreign Operation <sup>7</sup>
IFRIC 17	Distributions of Non-cash Assets to Owners <sup>4</sup>
IFRIC 18	Transfers of Assets from Customers <sup>8</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>5</sup> Effective for annual periods ending on or after 30 June 2009

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>7</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>8</sup> Effective for transfers on or after 1 July 2009

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Financial Information has been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The Financial Information has been prepared in accordance with the following accounting policies which conform to IFRS issued by the IASB. These policies have been consistently applied throughout the Relevant Periods. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of goods is recognized when the goods are delivered and title has passed.

Rental income from leasing of premises is recognized on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments including financial assets at fair value through profit or loss is recognized when the shareholders' rights to receive payment have been established.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

**Government grant**

Government grants with no further related cost are recognized as income when they are unconditional and become receivable and are reported separately as other income.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The Group as lessor***

Rental income from operating leases is recognized in the consolidated income statement on a straight-line basis over the term of the relevant lease.

***The Group as lessee***

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

***Leasehold land and building***

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

**Borrowing costs**

All borrowing costs are recognized as and included in finance costs in the consolidated income statement in the period in which they are incurred.

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**Property, plant and equipment**

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress) over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognized.

**Intangible assets****Research and development expenditure**

Expenditure on research activities is recognized as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognized only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity.

The resultant asset is amortized on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and accumulated impairment losses. The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

**Investment properties**

Investment properties are property held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognized.

**Impairment on tangible assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

**Financial instruments**

Financial assets and financial liabilities are recognized on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

The Group's financial assets are classified into either financial assets at fair value through profit or loss ("FVTPL") or loans receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted are set out below.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, amounts due from related parties, pledged bank deposits and bank balances) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

*Financial assets at fair value through profit or loss*

Financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or has a recent actual pattern of short-term profit-taking.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets.

***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- the receivables become past due for a long period of time;

For trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognized in profit or loss when there is objective evidence of impairment and is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account (if any). Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

***Financial liabilities and equity***

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

*Effective interest method*

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis.

*Financial liabilities*

Financial liabilities (including trade payables, bills payable, other payables and accrued charges, amounts due to related parties, short term debenture and bank loans) are subsequently measured at amortized cost, using the effective interest method.

*Equity instruments*

Equity instruments issued by the Group entity are recorded at the proceeds received, net of direct issue costs.



**Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**4. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES****Categories of financial instruments**

	<b>At 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>THE GROUP</b>			
Financial assets			
Held-for-trading investments . . . . .	3,919	2,724	1,431
Loans and receivables (including bank balances and cash) . . . . .	4,573,583	5,158,295	6,038,642
	<u>4,577,502</u>	<u>5,161,019</u>	<u>6,040,073</u>
Financial liabilities			
Amortized cost. . . . .	7,514,353	7,275,457	9,327,293
	<u>7,514,353</u>	<u>7,275,457</u>	<u>9,327,293</u>
<b>THE COMPANY</b>			
Financial assets – loans and receivables . . . . .	–	–	4,054,670
	<u>–</u>	<u>–</u>	<u>4,054,670</u>

**Financial risk management objectives and policies**

The Group's major financial instruments include trade receivables, other receivables and deposits, amounts due from related companies, pledged bank deposits, bank balances, trade payables, bills payable, other payables and accrued charges, amounts due to related parties, short-term debenture and bank loans. The Company's major financial instrument is amount due from a subsidiary. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk****Fair value interest rate risk**

The Group's fair value interest rate risk relates primarily to its fixed-rate pledged bank deposits, bills payable, short-term debenture and bank loans (see note 24 for details of the pledged bank deposits and notes 27, 28 and 29 for details of these borrowings). The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

**Cash flow interest rate risk**

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest cash flows.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The sensitivity analysis below has been determined based on the exposure to interest rate at the reporting dates and the stipulated change taking place at the beginning of the respective financial year and held constant throughout the reporting periods. A 10 basis point represents management's assessment of possible change in interest rates.

At 31 December 2006, 2007 and 2008, if interest rate had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the year would increase/decrease by approximately RMB3,251,000, RMB3,960,000 and RMB5,493,000 respectively.

**Currency risk**

The Group have certain trade receivables, bank balances and bank loans denominated in foreign currencies, hence expose to exchange rate fluctuations arise.

The Group has not entered into any forward contract to hedge against its foreign currency exposure. However, the management of the Group will consider to hedge these balances should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets at the reporting date is as follows:

	At 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
<b>Trade receivables</b>			
United States Dollars ("USD") . . . . .	129,396	97,399	74,878
EURO . . . . .	62,018	31,138	6,125
Australian Dollars ("AUD") . . . . .	–	22,561	29,194
Great Britain Pound ("GBP") . . . . .	–	–	745
<b>Bank balances and cash</b>			
USD . . . . .	8,001	12,954	12,581
EURO . . . . .	1,244	5,877	11,314
AUD . . . . .	–	1,140	5,585
GBP . . . . .	–	–	3,873
<b>Bank loans</b>			
USD . . . . .	16,227	53,497	33,148
EURO . . . . .	12,756	16,776	–

**Foreign currency sensitivity**

The Group is mainly exposed to USD, EURO, AUD and GBP. The following table details the Group's sensitivity to a 5% strengthening of RMB against the respective foreign currencies. 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analyses of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. For a 5% weakening of RMB against the respective foreign currencies, there would be an equal and opposite impact on the profit.

	USD Impact			EURO Impact			AUD Impact			GBP Impact		
	At 31 December			At 31 December			At 31 December			At 31 December		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Decrease in profit . . . . .	6,058	2,843	2,716	2,525	1,012	872	–	1,185	1,739	–	–	231

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the exposure at the respective balance sheet dates does not reflect the exposure during the periods.

**Credit risk**

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 37.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Other than concentration of credit risks on deposits paid to a supplier included in other receivables, deposits and prepayments of RMB1,513,753,000 (2007: RMB377,775,000; 2006: RMB nil) and certain bank balances (including pledged bank deposits) of RMB3,707,452,000 (2007: RMB2,428,572,000; 2006: RMB1,650,483,000) which are deposited with a local bank in Liaoyang City, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse geographical areas.

The policy of allowances for doubtful debts of the Group is based on the evaluation of collectibility and ageing analysis of accounts and on management's estimate. In determining whether impairment is required, the Group takes into consideration the ageing status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognized on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

### Liquidity risk

The Group's liquidity position is monitored on a daily basis by the management and is reviewed monthly by the directors of the Company. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	0 to 90 days RMB'000	91 to 180 days RMB'000	181 days to 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amounts RMB'000
As at 31 December 2008								
Non-interest bearing . . . . .	-	380,182	4,150,000	26,273	-	-	4,556,455	4,556,655
Fixed interest rate instruments . . . . .	6.78	343,457	635,669	3,937,782	19,656	139,828	5,076,392	4,770,638
		<u>723,639</u>	<u>4,785,669</u>	<u>3,964,055</u>	<u>19,656</u>	<u>139,828</u>	<u>9,632,847</u>	<u>9,327,293</u>
As at 31 December 2007								
Non-interest bearing . . . . .	-	1,933,314	602,042	-	-	-	2,535,356	2,535,356
Fixed interest rate instruments . . . . .	6.29	991,968	2,260,936	1,384,280	295,217	-	4,932,401	4,740,101
		<u>2,925,282</u>	<u>2,862,978</u>	<u>1,384,280</u>	<u>295,217</u>	<u>-</u>	<u>7,467,757</u>	<u>7,275,457</u>
As at 31 December 2006								
Non-interest bearing . . . . .	-	1,938,375	420,802	662	-	-	2,359,839	2,359,839
Fixed interest rate instruments . . . . .	5.01	769,329	1,761,137	2,161,234	585,333	138,804	5,415,837	5,154,514
		<u>2,707,704</u>	<u>2,181,939</u>	<u>2,161,896</u>	<u>585,333</u>	<u>138,804</u>	<u>7,775,676</u>	<u>7,514,353</u>

### Fair value

The fair value of financial assets and financial liabilities recorded at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of held-for-trading investments is based on the relevant price quoted from the brokers.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

**Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bills payable, short-term debenture and bank loans, and disclosed in notes 27, 28 and 29 respectively and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits.

The Group's board of directors reviews the capital structure on a continuous basis. As a part of this review the board of directors considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts or the repayment of existing debts. The Group's overall strategy remains unchanged throughout the Relevant Periods.

**5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Depreciation**

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the relevant assets, after taking into account their estimated residual value, if any. The Group reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation expenses to be recorded during the Relevant Periods. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

**6. REVENUE**

	Year ended 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Sales of aluminum products			
– for construction use . . . . .	4,461,582	4,733,744	5,039,574
– for industrial use . . . . .	1,613,643	2,787,522	6,224,855
	<u>6,075,225</u>	<u>7,521,266</u>	<u>11,264,429</u>

**7. SEGMENT INFORMATION****Business segments**

Each segment represents a strategic business unit that offers products which are subject to risks and returns different from other segments. The Group's two principal segments are:

- (a) sales of aluminum products for construction markets ("Construction"); and
- (b) sales of aluminum products for industrial markets ("Industrial").

The unallocated corporate assets are mainly other receivables, deposits and prepayments, pledged bank deposits and bank balances and cash which comprise 66.7%, 69.5% and 82.6% of the total unallocated corporate assets as at 31 December 2006, 2007 and 2008 respectively.

The raw materials purchased for productions are commonly used for both Construction and Industrial segments. Accordingly, the account payables or bills payable cannot be allocated by segment. The remaining liabilities are corporate liabilities which were unallocated either.

**Consolidated income statement***For the year ended 31 December 2006*

	Construction RMB'000	Industrial RMB'000	Consolidated RMB'000
Revenue . . . . .	4,461,582	1,613,643	6,075,225
Segment result . . . . .	601,136	508,410	1,109,546
Unallocated investment income and other income . . . . .			60,875
Unallocated corporate expenses . . . . .			(193,272)
Finance costs . . . . .			(208,598)
Profit before taxation . . . . .			768,551
Taxation . . . . .			(217,125)
Profit for the year . . . . .			551,426

**Consolidated balance sheet***At 31 December 2006*

	Construction RMB'000	Industrial RMB'000	Consolidated RMB'000
Assets			
Segment assets . . . . .	2,686,661	789,975	3,476,636
Unallocated corporate assets . . . . .			6,753,119
Consolidated total assets. . . . .			10,229,755

**Other information***For the year ended 31 December 2006*

	Construction RMB'000	Industrial RMB'000	Unallocated RMB'000	Consolidated RMB'000
Additions to property, plant and equipment . . . . .	156,872	294,422	665,599	1,116,893
Depreciation of property, plant and equipment . . . . .	92,191	7,534	158,678	258,403
Depreciation of investment properties . . . . .	–	–	1,410	1,410
Allowances for bad and doubtful debts in respect of trade receivables . . . . .	1,532	–	–	1,532
Allowances for bad and doubtful debts in respect of other receivables . . . . .	–	–	889	889
Loss on disposal of property, plant and equipment . . . . .	–	8,308	123	8,431

**Consolidated income statement***For the year ended 31 December 2007*

	Construction RMB'000	Industrial RMB'000	Consolidated RMB'000
Revenue . . . . .	4,733,744	2,787,522	7,521,266
Segment result . . . . .	608,463	1,006,248	1,614,711
Unallocated investment income and other income . . . . .			55,517
Unallocated corporate expenses . . . . .			(207,293)
Finance costs . . . . .			(289,585)
Profit before taxation . . . . .			1,173,350
Taxation . . . . .			(321,192)
Profit for the year . . . . .			852,158

**Consolidated balance sheet***At 31 December 2007*

	Construction RMB'000	Industrial RMB'000	Consolidated RMB'000
Assets			
Segment assets . . . . .	2,712,443	848,450	3,560,893
Unallocated corporate assets . . . . .			7,451,865
Consolidated total assets. . . . .			11,012,758

**Other information***For the year ended 31 December 2007*

	Construction RMB'000	Industrial RMB'000	Unallocated RMB'000	Consolidated RMB'000
Additions to property, plant and equipment . . . . .	17,510	387,288	673,058	1,077,856
Depreciation of property, plant and equipment . . . . .	104,176	28,624	130,551	263,351
Depreciation of investment property . . . . .	–	–	1,410	1,410
Allowances for bad and doubtful debts in respect of trade receivables . . . . .	528	29	–	557
Allowances for bad and doubtful debts in respect of other receivables . . . . .	–	–	1,480	1,480
Gain (loss) on disposal of property, plant and equipment. . . . .	–	7,523	(21,531)	(14,008)

**Consolidated income statement***For the year ended 31 December 2008*

	Construction RMB'000	Industrial RMB'000	Consolidated RMB'000
Revenue . . . . .	5,039,574	6,224,855	11,264,429
Segment result . . . . .	623,649	2,478,646	3,102,295
Unallocated investment income and other income . . . . .			107,106
Unallocated corporate expenses . . . . .			(278,867)
Finance costs . . . . .			(286,573)
Profit before taxation . . . . .			2,643,961
Taxation . . . . .			(733,523)
Profit for the year . . . . .			1,910,438

**Consolidated balance sheet***At 31 December 2008*

	Construction RMB'000	Industrial RMB'000	Consolidated RMB'000
Assets			
Segment assets . . . . .	2,116,695	1,202,593	3,319,288
Unallocated corporate assets . . . . .			9,541,787
Consolidated total assets. . . . .			12,861,075

**Other information***For the year ended 31 December 2008*

	Construction RMB'000	Industrial RMB'000	Unallocated RMB'000	Consolidated RMB'000
Additions to property, plant and equipment . . . . .	–	368,849	131,578	500,427
Depreciation of property, plant and equipment . . . . .	113,869	62,816	139,528	316,213
Depreciation of investment property . . . . .	–	–	350	350
Allowances for bad and doubtful debts in respect of trade receivables . . . . .	47	–	–	47
Allowances for bad and doubtful debts in respect of other receivables . . . . .	–	–	8,814	8,814
Loss of disposal of property, plant and equipment . . . . .	995	–	–	995

**Geographical segments**

More than 90% of the Group's revenue, profit before taxation, assets and liabilities were derived from and located in the PRC and, therefore, no geographical segments are presented.

## 8. INVESTMENT INCOME

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Interests on bank deposits . . . . .	51,500	39,191	74,107
Dividend income from investments held for trading . . . . .	119	2,871	–
	<u>51,619</u>	<u>42,062</u>	<u>74,107</u>

## 9. OTHER INCOME

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Government subsidies (Note) . . . . .	5,362	3,235	12,660
Gain on sales of scrap materials and consumables . . . . .	1,055	512	391
Rental income . . . . .	623	1,171	142
Gain on disposal of leasehold land . . . . .	–	7,360	–
Trademark income (Note 38) . . . . .	–	–	19,806
Gain on change in fair value of investments held for trading . . . . .	2,216	–	–
Waiver of accounts payable by the suppliers . . . . .	–	1,177	–
	<u>9,256</u>	<u>13,455</u>	<u>32,999</u>

Note: The amounts mainly represent subsidies received from the Finance Bureau of Liao Yang City for subsidising the Group's expenditure in technological research and market development.

## 10. FINANCE COSTS

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Interests on borrowings wholly repayable within five years:			
– Bank loans . . . . .	124,694	173,453	208,189
– Bills payable . . . . .	82,739	65,256	22,712
– Short term debenture . . . . .	1,165	50,876	55,672
	<u>208,598</u>	<u>289,585</u>	<u>286,573</u>



## 11. TAXATION

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
The charge comprises PRC Enterprise Income Tax			
Current taxation . . . . .	217,125	321,192	683,523
Deferred tax charge (note 32). . . . .	—	—	50,000
	<u>217,125</u>	<u>321,192</u>	<u>733,523</u>

Zhongwang PRC is a wholly-owned foreign enterprise which carried out manufacturing activities in Liao Yang City of Liao Ning Province. Zhongwang PRC is qualified for a reduced tax rate of 27% during the three years ended 31 December 2007 in Liao Yang City where is a coastal economic open zone.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations has changed the tax rate from 27% to 25% for the Zhongwang PRC effective from 1 January 2008. The applicable tax rate for Zhongwang PRC for the year ended 31 December 2008 is 25%.

The taxation charge for the Relevant Periods can be reconciled to the profit before taxation per the consolidated income statement as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Profit before taxation . . . . .	<u>768,551</u>	<u>1,173,350</u>	<u>2,643,961</u>
Taxation at the PRC income tax rate (2006 to 2007: 27%, 2008: 25%). . . . .	207,509	316,805	660,990
Tax effect of income not taxable for tax purpose . . . . .	(32)	(775)	—
Tax effect of withholding tax on dividends . . . . .	—	—	50,000
Tax effect of expenses not deductible for tax purpose . . . . .	<u>9,648</u>	<u>5,162</u>	<u>22,533</u>
Taxation for the year . . . . .	<u>217,125</u>	<u>321,192</u>	<u>733,523</u>

## 12. PROFIT FOR THE YEAR

	Year ended 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Profit for the year has been arrived at after charging (crediting):			
Auditor's remuneration . . . . .	250	250	270
Allowance for bad and doubtful debts in respect of trade receivables . . . . .	1,532	557	47
Allowance for bad and doubtful debts in respect of other receivables . . . . .	889	1,480	8,814
Cost of inventories recognized as expense . . . . .	4,965,679	5,906,555	8,111,546
Write down of inventories included in cost of sales . . . . .	–	–	50,588
Depreciation of property, plant and equipment . . . . .	258,403	263,351	316,213
Depreciation of investment properties . . . . .	1,410	1,410	350
Release of prepaid lease payments . . . . .	2,133	2,313	1,526
Research and development costs . . . . .	4,335	9,336	16,994
Loss on disposal of property, plant and equipment . . . . .	8,431	14,008	995
Loss on change in fair value of investments held for trading . . . . .	–	1,195	1,293
Net exchange losses . . . . .	5,478	4,132	30,478
Operating lease rentals in respect of rented premises . . . . .	4,046	3,777	741
Gross rental income from investment properties . . . . .	(623)	(1,171)	(142)
Less: Direct operating expenses from investment properties that generated rental income during the year . . . . .	1,415	1,475	350
	<u>792</u>	<u>304</u>	<u>208</u>
Staff costs (including directors' emoluments):			
Salaries and other benefits . . . . .	53,637	66,653	80,569
Retirement benefits scheme contributions . . . . .	5,057	5,686	6,676
	<u>58,694</u>	<u>72,339</u>	<u>87,245</u>

## 13. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

	Year ended 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
<b>Directors' emoluments</b>			
Salaries and other benefits . . . . .	237	254	4,652
Retirement benefit scheme contributions . . . . .	8	8	14
	<u>245</u>	<u>262</u>	<u>4,666</u>

The emoluments of directors during the Relevant Periods are analysed as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
<b>Salaries and other benefits:</b>			
Name of directors:			
Executive directors:			
Mr. Liu. . . . .	70	70	1,202
Mr. Liu Zhongsuo (Note) . . . . .	64	71	44
Mr. Zhong Hong . . . . .	56	62	802
Mr. Chen Yan . . . . .	47	51	802
Mr. Lu Changqing . . . . .	–	–	802
Mr. Gou Xihui . . . . .	–	–	802
Non-executive director:			
Ma Xiaowei. . . . .	–	–	–
Independent non-executive directors:			
Wong Chun Wa . . . . .	–	–	66
Wen Xianjun . . . . .	–	–	66
Shi Ketong . . . . .	–	–	66
	237	254	4,652
	237	254	4,652

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
<b>Retirement benefit scheme contributions:</b>			
Name of directors:			
Executive directors:			
Mr. Liu. . . . .	2	2	3
Mr. Liu Zhongsuo (Note) . . . . .	2	2	2
Mr. Zhong Hong . . . . .	2	2	3
Mr. Chen Yan . . . . .	2	2	2
Mr. Lu Changqing . . . . .	–	–	2
Mr. Guo Xihui . . . . .	–	–	2
Non-executive director:			
Ma Xiaowei. . . . .	–	–	–
Independent non-executive directors:			
Wong Chun Wa . . . . .	–	–	–
Wen Xianjun . . . . .	–	–	–
Shi Ketong . . . . .	–	–	–
	8	8	14
	8	8	14

Note: Mr. Liu Zhongsuo resigned as an executive director on 1 August 2008.

The five highest paid individuals included certain directors of the Group for the Relevant Periods, details of whose emoluments are included in the disclosure set out above. The emoluments of the remaining highest paid individuals were as follows:

	Year ended 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Salaries and other benefits . . . . .	177	256	N/A
Retirement benefit plan contributions . . . . .	17	24	N/A
	<u>194</u>	<u>280</u>	<u>N/A</u>
Number of directors . . . . .	2	1	5
Number of other employees . . . . .	3	4	–
	<u>5</u>	<u>5</u>	<u>5</u>

The emolument of each individual during the Relevant Periods was within the emoluments band of less than HK\$1,000,000.

During the Relevant Periods, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Relevant Periods.

#### 14. DIVIDENDS

Pursuant to the directors' meeting on 18 October 2008, the Company declared dividend of RMB0.5 per share with an aggregate amount of RMB2,000,000,000 which was distributed to the immediate holding company, Zhongwang International Group Limited ("ZIGL") in April 2009.

In April 2009, the Company declared a final dividend of RMB0.25 per share with an aggregate amount of RMB1,000,000,000 which will be distributed to ZIGL.

#### 15. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Relevant Periods is based on the consolidated profit attributable to equity holders of the Company for each of the Relevant Periods and on the basis of 4,000,000,000 shares of the Company in issue and issuable as at the date of Prospectus.

There was no diluted earnings presented as there were no potential ordinary shares outstanding during the Relevant Periods.

## 16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>						
At 1 January 2006 . . .	408,198	2,578,603	57,443	12,017	108,217	3,164,478
Transfer . . . . .	182,825	390,217	9,652	851	(583,545)	–
Additions . . . . .	139	85,603	10,283	2,269	1,018,599	1,116,893
Disposals. . . . .	–	(418,397)	(2,285)	(669)	–	(421,351)
At 31 December 2006.	591,162	2,636,026	75,093	14,468	543,271	3,860,020
Transfer . . . . .	41,543	1,272,059	4,012	1,471	(1,319,085)	–
Additions . . . . .	1,624	137,962	43	889	937,338	1,077,856
Disposals. . . . .	(2,501)	(871,138)	(4,130)	(341)	–	(878,110)
At 31 December 2007.	631,828	3,174,909	75,018	16,487	161,524	4,059,766
Transfer . . . . .	6,436	206,257	2,982	6,010	(221,685)	–
Additions . . . . .	4,825	29,724	2,163	3,335	460,380	500,427
Disposals. . . . .	(178,130)	(35,266)	(12,899)	(104)	–	(226,399)
At 31 December 2008.	464,959	3,375,624	67,264	25,728	400,219	4,333,794
<b>DEPRECIATION</b>						
At 1 January 2006 . . .	100,117	804,421	33,258	4,735	–	942,531
Charge for the year . .	18,346	228,589	9,999	1,469	–	258,403
Eliminated on disposals . . . . .	–	(209,026)	(943)	(2)	–	(209,971)
At 31 December 2006.	118,463	823,984	42,314	6,202	–	990,963
Charge for the year . .	26,414	226,865	8,374	1,698	–	263,351
Eliminated on disposals . . . . .	(514)	(462,875)	(2,769)	(216)	–	(466,374)
At 31 December 2007.	144,363	587,974	47,919	7,684	–	787,940
Charge for the year . .	23,013	283,033	7,296	2,871	–	316,213
Eliminated on disposals . . . . .	(38,960)	(27,459)	(8,634)	–	–	(75,053)
At 31 December 2008.	128,416	843,548	46,581	10,555	–	1,029,100
<b>CARRYING VALUES</b>						
At 31 December 2006.	<u>472,699</u>	<u>1,812,042</u>	<u>32,779</u>	<u>8,266</u>	<u>543,271</u>	<u>2,869,057</u>
At 31 December 2007.	<u>487,465</u>	<u>2,586,935</u>	<u>27,099</u>	<u>8,803</u>	<u>161,524</u>	<u>3,271,826</u>
At 31 December 2008.	<u>336,543</u>	<u>2,532,076</u>	<u>20,683</u>	<u>15,173</u>	<u>400,219</u>	<u>3,304,694</u>

The above items of property, plant and equipment other than construction in progress are depreciated, after taking into account their estimated residual value, on a straight-line basis at the following rates per annum:

Buildings	4.5%
Machinery	9%
Motor vehicles	18%
Furniture, fixtures and equipment	18%

## 17. INVESTMENT PROPERTIES

	RMB'000
<b>COST</b>	
At 1 January 2006, 31 December 2006 and 31 December 2007 . . . . .	31,346
Disposals. . . . .	(31,346)
At 31 December 2008. . . . .	—
<b>DEPRECIATION</b>	
At 1 January 2006 . . . . .	3,056
Depreciation provided for the year . . . . .	1,410
At 31 December 2006. . . . .	4,466
Depreciation provided for the year . . . . .	1,410
At 31 December 2007. . . . .	5,876
Depreciation provided for the year . . . . .	350
Eliminated on disposals . . . . .	(6,226)
At 31 December 2008. . . . .	—
<b>CARRYING VALUES</b>	
At 31 December 2006. . . . .	26,880
At 31 December 2007. . . . .	25,470
At 31 December 2008. . . . .	—

The fair values of the Group's investment properties including the prepaid lease payments were RMB38,740,000 and RMB43,910,000 at 31 December 2006 and 2007 respectively. The fair values as at the balance sheet dates have been arrived at based on a valuation carried out by Messrs. Savills Valuation and Professional Services Ltd., independent valuers not connected with the Group at the corresponding balance sheet dates. The valuation, which conforms to International Valuation Standards, was also determined by reference to recent market prices for similar properties.

The above investment properties were rented out under operating leases during the Relevant Periods.

The above investment properties were held under medium-term leases in the PRC and were depreciated on a straight-line basis over the term of 20 years.

## 18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	At 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Leasehold land in the PRC under medium-term leases. . . . .	110,210	109,842	66,662
Analysed for reporting purpose:			
Current assets . . . . .	2,327	2,370	1,472
Non-current assets . . . . .	107,883	107,472	65,190
	110,210	109,842	66,662

## 19. INVENTORIES

	At 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Raw materials . . . . .	81,122	54,757	30,385
Work-in-progress . . . . .	420,695	233,532	219,320
Finished goods . . . . .	1,093,994	1,071,306	809,063
	<u>1,595,811</u>	<u>1,359,595</u>	<u>1,058,768</u>

## 20. TRADE RECEIVABLES

	At 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Trade receivables . . . . .	646,946	686,913	523,952
Less: Allowance for bad and doubtful debts . . . . .	(8,264)	(219)	(47)
	<u>638,682</u>	<u>686,694</u>	<u>523,905</u>

The Group allows an average credit period of 90 days. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at each balance sheet dates:

	At 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
1 – 90 days . . . . .	520,777	556,554	425,391
Over 90 days . . . . .	117,905	130,140	98,514
	<u>638,682</u>	<u>686,694</u>	<u>523,905</u>

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The directors also believe that there is no further credit provision required in excess of the allowance for doubtful debts.

As at 31 December 2006, 2007 and 2008, the trade receivables of RMB520,777,000, RMB556,554,000 and RMB425,391,000 respectively were neither past due nor impaired. These customers were reputable enterprises in certain cities of the PRC and no counterparty default was noted in the past.

As at 31 December 2006, 2007 and 2008, trade receivables of RMB117,905,000, RMB130,140,000 and RMB98,514,000 respectively were past due but not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

## Ageing of trade receivables which are past due but not impaired

	2006 RMB'000	At 31 December 2007 RMB'000	2008 RMB'000
91 – 180 days . . . . .	63,849	115,275	92,818
181 – 365 days . . . . .	5,514	728	3,525
Over 365 days . . . . .	48,542	14,137	2,171
Total . . . . .	<u>117,905</u>	<u>130,140</u>	<u>98,514</u>

## Movement in the allowance for bad and doubtful debts

	2006 RMB'000	At 31 December 2007 RMB'000	2008 RMB'000
Balance at beginning of the year . . . . .	6,732	8,264	219
Allowances for bad and doubtful debtors in respect of for trade receivables . . . . .	1,532	557	47
Amounts written off as uncollectible . . . . .	–	(8,602)	(219)
Balance at end of the year . . . . .	<u>8,264</u>	<u>219</u>	<u>47</u>

## 21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2006 RMB'000	At 31 December 2007 RMB'000	2008 RMB'000
Other receivables, deposits and prepayments . . . . .	1,256,917	1,219,596	2,386,851
Less: Allowance for bad and doubtful debts . . . . .	(3,174)	(48)	–
	<u>1,253,743</u>	<u>1,219,548</u>	<u>2,386,851</u>

Included in the other receivables, deposits and prepayment are deposits paid to suppliers amounting to RMB710,880,000, RMB721,119,000 and RMB2,363,826,000 as at 31 December 2006, 2007 and 2008 respectively.



## 22. AMOUNTS DUE FROM/TO RELATED PARTIES

## The Group

	At 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
<b>Amounts due from related parties</b>			
Trading in nature			
Cheng Cheng Plastics Inc. ("CC Plastics") (Note 1) . . .	1,348	—	—
Non-trading in nature			
Mr. Liu. . . . .	24,650	19,650	16,631
Liaoyang Gang Long Chemicals Co., Ltd. ("GL Chemicals") (Note 1) . . . . .	886	886	—
Liaoning Hong Cheng Vinyl Profile Co., Ltd. ("Hong Cheng") (Note 1) . . . . .	123,633	—	5,539
Liaoyang Zhong Jie Clothing Co., Ltd. ("Zhong Jie ") (Note 1) . . . . .	95	—	—
	<u>149,264</u>	<u>20,536</u>	<u>22,170</u>
Total amounts due from related parties . . . . .	<u>150,612</u>	<u>20,536</u>	<u>22,170</u>
<b>Amounts due to related parties</b>			
Trading in nature			
Liaoyang Futian Chemical Co., Ltd. ("Futian Chemical") (Note 1) . . . . .	9,364	—	—
Liaoyang Pengli Dies Co., Ltd. ("Pengli Dies") (Note 1). . . . .	84,186	—	—
	<u>93,550</u>	<u>—</u>	<u>—</u>
Non-trading in nature			
Hong Cheng . . . . .	—	—	—
Liaoning Chengcheng Plastics Co., Ltd. ("Cheng Cheng") (Note 1) . . . . .	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Liaoyang Zhongwang Aluminum PVC Decoration Materials Co., Ltd. ("Lu Su Decoration") (Note 1) . . . . .	2,634	131	—
Zhongwang Zhongtian Garment Co., Ltd. ("Zhongtian Garment") (Note 1). . . . .	2,211	10,304	320
Liaoyang City Aluminum Profile Product Co., Ltd. (Note 2). . . . .	1,551,037	1,551,037	—
	<u>1,555,882</u>	<u>1,561,472</u>	<u>320</u>
Total amounts due to related companies . . . . .	<u>1,649,432</u>	<u>1,561,472</u>	<u>320</u>

The amounts were unsecured, non-interest bearing and were repayable on demand. The amounts due from or to related parties were fully settled as at the date of this report.

Notes:

Particulars of amounts due from related companies disclosed pursuant to section 161B of Companies Ordinance are as follows:

1. These are related companies of the Group which are beneficially owned by Mr. Liu. The maximum outstanding balance of these related companies and Mr. Liu during the Relevant Periods are stated as follows:

	At 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
CC Plastics . . . . .	1,384	1,392	425
Mr. Liu . . . . .	24,650	24,650	22,650
GL Chemicals . . . . .	886	886	–
Hong Cheng . . . . .	1,842,239	539,978	527,323
Zhongtian Garment . . . . .	95	95	68
Futian Chemical . . . . .	1,914	34,687	200,805
Cheng Cheng . . . . .	426,994	636,162	917,061
Zhong Jie . . . . .	95	–	–
	<u>          </u>	<u>          </u>	<u>          </u>

2. This is the then shareholder of the Zhongwang PRC.

The credit terms granted by or to the related companies are 90 days.

The aged analysis of the amounts due from/to related companies which are trading in nature is stated as follows:

	At 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
0 to 90 days . . . . .	437	–	–
91 to 180 days . . . . .	905	–	–
181 days to 1 year . . . . .	6	–	–
	<u>          </u>	<u>          </u>	<u>          </u>
Amount due from a related company . . . . .	1,348	–	–
	<u>          </u>	<u>          </u>	<u>          </u>
0 to 90 days . . . . .	48,193	–	–
91 to 180 days . . . . .	–	–	–
181 days to 1 year . . . . .	–	–	–
Over 1 year . . . . .	45,357	–	–
	<u>          </u>	<u>          </u>	<u>          </u>
Amounts due to related companies . . . . .	93,550	–	–
	<u>          </u>	<u>          </u>	<u>          </u>

### 23. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments represented mutual funds stated at fair value at each balance sheet.

### 24. PLEDGED BANK DEPOSITS

The deposits carry average effective interest rates of 2.12%, 2.88% and 3.78% per annum for each of the three years ended 31 December 2006, 2007 and 2008 respectively. The pledged bank deposits will be released upon the settlement of relevant bills payable.

### 25. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The deposits carry average interest rates of 0.72% 0.81% and 0.66% per annum for each of the three years ended 31 December 2006, 2007 and 2008 respectively.

**26. TRADE PAYABLES**

The average credit terms granted by the suppliers to the Group are 90 days. The following is an aged analysis of trade payables at the balance sheet dates:

	At 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
0 to 90 days . . . . .	47,447	19,433	20,731
91 to 180 days . . . . .	1,236	802	2,385
181 days to 1 year . . . . .	1,035	583	1,380
Over 1 year . . . . .	3,735	2,963	324
	53,453	23,781	24,820

**27. BILLS PAYABLE**

All the bills payable are repayable within 180 days. The bills payable are denominated in Renminbi. Certain bills payable carry average fixed discount rates of 3.0% and 5.5% per annum for each of the two years ended 31 December 2006 and 2007 respectively.

**28. SHORT TERM DEBENTURE**

The amounts as at 31 December 2006 and 2007 represented two distinct debentures recorded at amortized cost with principal value of RMB700,000,000 and RMB600,000,000 respectively with maturity of one year. The effective interest rates for the year ended 31 December 2006 and 31 December 2007 were 5.3% per annum and 4.9% per annum respectively. The amounts as at 31 December 2006 and 31 December 2007 were fully repaid in December 2007 and April 2008 respectively. During the year ended 31 December 2008, the Group has further issued two debentures of RMB1,000,000,000 each with maturity of one year. The average effective interest rate is 6% per annum.

**29. BANK LOANS**

	At 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Within one year . . . . .	1,746,973	2,636,262	2,640,638
In more than one year but not more than two years . . .	500,000	260,000	–
In more than two years but not more than five years . . .	130,000	–	130,000
	2,376,973	2,896,262	2,770,638
Total bank loans . . . . .	2,376,973	2,896,262	2,770,638
Less: Amounts due within one year shown under current liabilities . . . . .	(1,746,973)	(2,636,262)	(2,640,638)
	630,000	260,000	130,000
	630,000	260,000	130,000
Secured by machinery, buildings and prepaid lease payments of Zhongwang PRC . . . . .	1,259,990	1,669,990	1,274,990
Guaranteed by related companies in which Mr. Liu has beneficial interests (Note) . . . . .	1,016,983	1,046,272	–
Guaranteed by independent third parties . . . . .	100,000	180,000	1,330,000
	2,376,973	2,896,262	2,604,990
	2,376,973	2,896,262	2,604,990

Note:

Such guarantees were replaced by certain independent third parties in year 2008.

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below.

	At 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
USD. . . . .	16,227	53,497	33,148
EURO. . . . .	12,756	16,776	–

The bank loans carry average fixed interest rates of 6.65%, 7.29% and 7.30% per annum for each of the three years ended 31 December 2006, 2007 and 2008 respectively.

### 30. PAID-IN CAPITAL/SHARE CAPITAL

#### THE COMPANY

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary share of HK\$0.1 each:			
Authorized			
On incorporation and at 31 December 2008. . . . .	8,000,000,000	800,000	N/A
Issued			
On incorporation (Note a) . . . . .	1	–	–
Issued on 31 January 2008 (Note b) . . . . .	1	–	–
Issued on 13 June 2008 (Note c) . . . . .	1	–	–
Capitalization on 22 July 2008 (note d) . . . . .	3,999,999,994	400,000	350,877
Issued on 8 August 2008 (note e) . . . . .	3	–	–
At 31 December 2008 . . . . .	4,000,000,000	400,000	350,877

For the purpose of the preparation of the consolidated balance sheet, the balances at 31 December 2006 and 2007 represented the paid-in capital of Zhongwang PRC. Pursuant to the Corporate Reorganization completed on 8 August 2008, the Company become the holding company comprising the Group.

#### THE GROUP

Name of Company	As at 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
The Company. . . . .	–	–	350,877
Zhongwang PRC (Note d). . . . .	394,299	394,299	–
	394,299	394,299	350,877

#### Notes:

- On 29 January 2008, one subscriber share was issued to the Company's subscriber at par, and the said subscriber share was subsequently transferred to Zhongwang International Group Limited ("ZIGL"), the ultimate holding company of the Group, on the same date.
- In connection with the Corporate Reorganization, on 31 January 2008, the Company acquired the entire issued share capital of ZCIL (BVI) from ZIGL, and in consideration therefore, the Company issued one share at a consideration of HK\$23,311.2 (equivalent to RMB22,000) to ZIGL.
- In connection with the Corporation Reorganization, ZCIL (HK) (an indirect wholly-owned subsidiary of the Company) accepted the transfer of 40% of the registered capital of Zhongwang PRC from Kong Lung Industrial Company Limited, the then shareholder of Zhongwang PRC, and, in connection therewith, the Company issued one share at a consideration of US\$197,023,300 (equivalent to RMB1,360,328,000) to ZIGL on 13 June 2008.

- (d) On 22 July 2008, the Company capitalized an amount of HK\$399,999,999 (equivalent to RMB350,877,000) standing to the credit of its share premium account in paying-up in full 3,999,999,994 shares, each of which was subsequently allotted and issued to ZIGL.
- (e) On 8 August 2008, the Company has issued 3 shares to ZIGL for an aggregate consideration of approximately US\$295,500,000, equivalent to RMB2,026,927,000, which was credited to share premium account.

### 31. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2006 and 2007, certain plant and equipment amounting to RMB158,635,000 and RMB402,130,000 respectively were disposed of at a trade-in value which were deducted directly from the purchase price of the new equipment amounting to RMB149,000,000 and RMB393,500,000 respectively.

### 32. DEFERRED TAXATION

The following is the major deferred tax liability recognized and movement thereon during the current and prior years:

	<b>Temporary difference arising from the withholding tax RMB'000</b>
Charged to consolidated income statement for the year ended 31 December 2008 and at 31 December 2008 (note 11) . . . . .	<u>50,000</u>

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by a PRC subsidiary from 1 January 2008 onwards. Deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary as it is probable that the temporary difference will be reversed in the foreseeable future.

### 33. OPERATING LEASE COMMITMENTS

#### The Group as lessee

At the balance sheet dates, the Group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>At 31 December</b>		
	<b>2006 RMB'000</b>	<b>2007 RMB'000</b>	<b>2008 RMB'000</b>
Within one year . . . . .	3,660	4,392	292
In the second to fifth year inclusive . . . . .	<u>12,811</u>	<u>8,418</u>	<u>253</u>
	<u>16,471</u>	<u>12,810</u>	<u>545</u>

Operating lease payments represent rentals payable by the Group for its premises. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.

#### The Group as lessor

At the balance sheet dates, the Group had contracted with tenants in respect of leasing of investment properties for the following future minimum lease payments:

	<b>At 31 December</b>		
	<b>2006 RMB'000</b>	<b>2007 RMB'000</b>	<b>2008 RMB'000</b>
Within one year . . . . .	1,079	744	–
In the second to fifth year inclusive . . . . .	<u>1,053</u>	<u>309</u>	<u>–</u>
	<u>2,132</u>	<u>1,053</u>	<u>–</u>

Leases are negotiated for a term ranged from one to three years and rentals are fixed for one to three years.

**34. CAPITAL COMMITMENTS**

	<b>At 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements. . . . .	564,059	297,976	197,144

**35. PLEDGE OF ASSETS**

Apart from the pledged bank deposits as disclosed in note 24, the Group had pledged certain buildings, prepaid lease payments and machinery to secure the bank loans granted to the Group and certain related companies at the respective balance sheet dates. The carrying values of the assets pledged are as follows:

	<b>At 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Pledged for banking facilities granted to the Group:			
Buildings. . . . .	148,579	354,666	–
Machinery. . . . .	1,010,272	1,477,030	1,628,511
Prepaid lease payments. . . . .	41,327	87,778	–
Inventories. . . . .	–	–	471,732
	<u>1,200,178</u>	<u>1,919,474</u>	<u>2,100,243</u>
Pledged for banking facilities granted to related companies whose shareholders are close family members of Mr. Liu			
Buildings. . . . .	16,673	5,943	–
Machinery. . . . .	382,856	170,125	–
Prepaid lease payments. . . . .	17,359	14,747	–
	<u>416,888</u>	<u>190,815</u>	<u>–</u>
Total:			
Buildings. . . . .	165,252	360,609	–
Machinery. . . . .	1,393,128	1,647,155	1,628,511
Prepaid lease payments. . . . .	58,686	102,525	–
Inventories. . . . .	–	–	471,732
	<u>1,617,066</u>	<u>2,110,289</u>	<u>2,100,243</u>

**36. RETIREMENT BENEFIT PLAN**

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during each of the Relevant Periods are disclosed in note 12.

**37. CONTINGENT LIABILITIES**

As at 31 December 2006 and 2007, the Group issued financial guarantees to banks in respect of banking facilities granted to certain related companies in which Mr. Liu has beneficial interest. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to RMB751,000,000 and RMB544,000,000 respectively, of which all of them have been utilized by the related companies. Such guarantees were replaced by certain independent third parties in year 2008.

**38. RELATED PARTY TRANSACTIONS**

Apart from amounts due from/to related parties as set out in note 22, during the Relevant Periods, the Group had entered into the following significant transactions with related companies in which Mr. Liu has beneficial interests:

	Year ended 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
<b>Sales to related companies</b>			
Lu Su Decoration . . . . .	5,983	18,056	–
CC Plastics . . . . .	1,350	1,232	409
Kong Long Industrial Company Limited (Note 1) . . . . .	1,937	587	–
	<u>9,270</u>	<u>19,875</u>	<u>409</u>
<b>Purchases from related companies</b>			
Futian Chemical . . . . .	26,554	71,130	77,896
Pengli Dies . . . . .	99,768	143,895	33,233
Lu Su Decoration . . . . .	–	6,031	–
GL Chemicals . . . . .	143	–	–
Cheng Cheng . . . . .	6,773	5,725	6,394
	<u>133,238</u>	<u>226,781</u>	<u>117,523</u>
			<b>Year ended 31 December 2008 RMB'000</b>
<b>Purchase of property, plant and equipment from related companies (Note 2):</b>			
Pengli Dies . . . . .			<u>18,932</u>
<b>Disposal of property, plant and equipment to related companies (Note 2):</b>			
Zhongtian Garment . . . . .			14,142
Futian Chemical . . . . .			35,201
Cheng Cheng . . . . .			33,791
Hong Cheng . . . . .			<u>55,199</u>
			<u>138,333</u>
<b>Disposal of leasehold land to related companies (Note 2):</b>			
Futian Chemical . . . . .			3,462
Cheng Cheng . . . . .			14,398
Hong Cheng . . . . .			<u>32,378</u>
			<u>50,238</u>
<b>Disposal of investment properties to a related company (Note 2):</b>			
Hong Cheng . . . . .			<u>25,120</u>

Pursuant to an agreement for the use of trademark dated 20 May 2008 between Zhongwang PRC and Hong Cheng, Zhongwang PRC has agreed to grant Hong Cheng the right to use the Zhongwang trademark in the PRC. During the year ended 31 December 2008, Trademark income received from Hong Cheng is RMB19,806,000.

The directors of the Company considered that the directors and the five highest paid individuals are the key management of the Group, whose emoluments have been disclosed in note 13.

Certain related companies provided guarantees for banking facilities granted to the Group. Details are set out in note 29.

The Group provided guarantees for banking facilities granted to certain related companies. Details are set out in note 37.

Notes:

1. This is the then shareholder of Zhongwang PRC.
2. The consideration of purchase or disposal of property, plant and equipment, leasehold land and investment properties is equivalent to the net book values on the relevant date of purchase or disposal.

### 39. INVESTMENT IN A SUBSIDIARY

The amount represents the investment cost of investing in ZCIL (BVI) as a result of the Corporate Reorganization. Details are set out in notes (b) and (c) of note 30.

### 40. AMOUNT DUE FROM A SUBSIDIARY

The portion under non-current assets represents advance to a ZCIL (BVI) which is unsecured, interest free and is expected to be repaid after one year. The portion under current assets represents dividend receivable from ZCIL (BVI) as at 31 December 2008.

### 41. RESERVES OF THE COMPANY

	Share premium RMB'000	Surplus RMB'000	Total RMB'000
At date of incorporation . . . . .	–	–	–
Issue of shares on 31 January 2008 (note 30) . . . . .	22	–	22
Issue of shares on 13 June 2008 (note 30) . . . . .	1,360,328	–	1,360,328
Capitalization of share premium (note 30) . . . . .	(350,877)	–	(350,877)
Issue of shares on 8 August 2008 (note 30) . . . . .	2,026,927	–	2,026,927
Profit for the year . . . . .	–	2,000,000	2,000,000
Dividends . . . . .	–	(2,000,000)	(2,000,000)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008. . . . .	<u>3,036,400</u>	<u>          </u>	<u>3,036,400</u>

### 42. PRE-IPO SHARE OPTION SCHEME

Pursuant to an ordinary resolution of the board of directors passed on 17 April 2008, a pre-IPO share option scheme (the "Scheme") was conditionally approved and adopted to provide grantees with the opportunity to acquire proprietary interest in the Company and to recognize the contribution of certain members of the senior management and employees of the Group.

The exercise of the pre-IPO share options is conditional on:

- (i) the listing committee granting approval for the listing of and permission to deal in the shares of the Company which may fall to be issued pursuant to the exercise of the options granted under the Scheme; and
- (ii) the commencement of the dealings in the shares of the Company on the Stock Exchange, and is subject to the vesting conditions set out below.

The above pre-IPO share options have been granted on the condition that they are valid for a period ending on the date before the fifth anniversary of the listing date ("Pre-IPO Share Option Term"). With respect to each of the five consecutive anniversary of the listing date; a grantee shall be entitled to exercise his option to subscribe for up to 20% of the total number of the shares of the Company under option ("Vested Shares") during such period.

In the event that an option holder shall not have exercised his option for the full amount of the Vested Shares for the relating vesting period (the unexercised portion of the Vested Shares shall be referred to as the "Unexercised Vested Shares"), the option shall continue to be exercisable in respect of such Unexercised Vested Shares during the rest of the Pre-IPO Share Option Term.

The subscription price per share under the Scheme is HK\$2. Since no further options can be granted under the Scheme, there is no provision limiting the maximum number of options that may be granted to any individual grantee or refreshing the limit for grant of options under the Scheme.



A summary of the grantees who have been granted pre-IPO share options is set out below:

<b>Category</b>	<b>Number of share options granted on 17 April 2008 and 31 December 2008</b>
Directors . . . . .	8,300,000
Employees . . . . .	32,100,000
Total . . . . .	<u>40,400,000</u>

In the opinion of the directors of the Company, the successful listing of the Company's shares on the Stock Exchange cannot be assured with certainty as at 31 December 2008. Accordingly, no share-based payment expense is recognized in the consolidated income statement.

The fair value of pre-IPO share option being granted is RMB105,226,000 and was calculated using the binominal option pricing model by an independent valuer, Savills Valuation and Professional Services Limited. The inputs into the model are as follows:

Estimated share price . . . . .	HK\$4.7
Exercise price . . . . .	HK\$2
Expected volatility . . . . .	58%
Expected life . . . . .	5.6 years
Risk-free interest rate . . . . .	2.2%
Expected dividend yield . . . . .	2.5%

Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of comparable companies.

Because the binominal tree option price model requires the input of highly subject assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

#### **(B) ULTIMATE HOLDING COMPANY**

Prior to the completion of the Corporation Reorganization, the then ultimate holding company of the companies comprising the Group was Liaoyang City Aluminum Profile Manufacturing Factor. On 8 August 2008, the Corporate Reorganization was completed and since then, ZIGL, a company incorporated in the British Virgin Islands, has become the ultimate holding company of the Company.

#### **(C) SUBSEQUENT EVENTS**

The following events took place subsequent to 31 December 2008:

The Group has settled the dividend payable of RMB2,000,000,000 to ZIGL in April 2009.

In April 2009, the Company declared a final dividend of RMB0.25 per share with an aggregate amount of RMB1,000,000,000 which will be distributed to ZIGL.

#### **(D) SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2008.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

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**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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The information set forth in this appendix does not form part of the Accountants' Report prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountants' Report" set forth in Appendix I to this prospectus.

**A.    UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE**

The following unaudited pro forma forecast basic earnings per Share for the six months ending June 30, 2009 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2009. This unaudited pro forma forecast basic earnings per Share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of financial results of the Group following the Global Offering.

For the six months ending June 30, 2009

Forecast consolidated profit after taxation <sup>(1)</sup> . . . . .	not less than RMB1,350 million
Unaudited pro forma forecast basic earnings per Share <sup>(2)</sup> . . . . .	approximately RMB0.25 (approximately HK\$0.28)

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(1) The forecast consolidated profit after taxation for the six months ending June 30, 2009 is extracted from the section headed "Financial Information – Profit forecast for the six months ending June 30, 2009" in this prospectus. The bases on which the above profit forecast for the six months ending June 30, 2009 has been prepared are summarized in Appendix III to this prospectus.

The forecast consolidated profit after taxation for the six months ending June 30, 2009 prepared by our Directors is based on the unaudited management accounts of the Group for the two months ended February 28, 2009 and a forecast of the consolidated results of the Group for the four months ending June 30, 2009. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Company as summarized in the "Accountants' Report" as set out in Appendix I to this prospectus.

(2) The calculation of the unaudited pro forma forecast basic earnings per Share is based on the forecast consolidated results of our Company for the six months ending June 30, 2009, assuming the Global Offering had been completed on January 1, 2009 and a total of 5,400,000,000 Shares in issue during the entire period, taking no account of any additional income the Group may have earned from the estimated net proceeds from the Global Offering, any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option, or grants of Shares under the Pre-IPO Share Option Scheme or the Share Option Scheme.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

### B.    UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustration purpose only, and is set out here to illustrate the effect of the Global Offering on the adjusted net tangible assets of the Group as of December 31, 2008, as if they had taken place on such date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Global Offering. It is prepared based on the audited consolidated net assets of the Group as of December 31, 2008 as shown in the "Accountants' Report" as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report.

	<b>Audited consolidated net tangible assets as of December 31, 2008<sup>(1)</sup> RMB'000</b>	<b>Estimated net proceeds from the Global Offering<sup>(2)</sup> RMB'000</b>	<b>Unaudited pro forma adjusted net tangible assets RMB'000</b>	<b>Unaudited pro forma adjusted net tangible assets per Share<sup>(3)</sup></b>	
				<b>RMB</b>	<b>HK\$</b>
Based on the Offer Price of HK\$8.80 per Share . . . . .	<u>3,205,076</u>	<u>10,533,611</u>	<u>13,738,687</u>	<u>2.54</u>	<u>2.89</u>
Based on the Offer Price of HK\$6.80 per Share . . . . .	<u>3,205,076</u>	<u>8,127,389</u>	<u>11,332,465</u>	<u>2.10</u>	<u>2.38</u>

(1) The audited consolidated net tangible assets attributable to the equity holders of the Company are extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price range of HK\$6.80 and HK\$8.80 per Share, after deduction of underwriting fees and related expenses payable by the Company but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 5,400,000,000 Shares are expected to be in issue pursuant to the Global Offering, taking no account of any additional income the Group may have earned from the estimated net proceeds from the Global Offering, any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option, grant of Shares under the Pre-IPO Share Option Scheme or the Share Option Scheme.

(4) The property interests were valued by Savills Valuation and Professional Services Limited and the valuation report in respect of which was set out in Appendix IV to this prospectus. According to the valuation report, the property interests as of February 28, 2009 amounted to approximately RMB896,600,000. Comparing this amount with the unaudited net carrying value of the property interests as of February 28, 2009 of approximately RMB404,570,000, there was a surplus of RMB492,030,000. Had the property interests been stated at revaluation, additional annual depreciation of RMB14,173,000 will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state the property interests at cost model.

**C.    REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE UNAUDITED PRO FORMA FORECAST DILUTED EARNINGS PER SHARE AND UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE NET ASSETS**

The following is the text of report, prepared for the purpose of incorporation in this prospectus, received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.



24 April 2009

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA ZHONGWANG HOLDINGS LIMITED**

We report on the unaudited pro forma financial information of China Zhongwang Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Financial Information"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the global offering might have affected the financial information presented, for inclusion in Appendix II to the prospectus dated 24 April 2009 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 to the Prospectus.

**Respective responsibilities of directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

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## **APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the earnings per share of the Group for the six months ending 30 June 2009 or any future period; or
- the financial position of the Group as at 31 December 2008 or any future date.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

The forecast consolidated profit attributable to equity holders of the Company for the six months ending June 30, 2009 is set out in the section headed “Financial Information – Profit forecast for the six months ending June 30, 2009” in this prospectus.

**A. BASES**

The Directors have prepared the forecast of consolidated profit attributable to equity holders of the Company for the six months ending June 30, 2009 on the basis of the results shown in the unaudited management accounts of the Group for the two months ended February 28, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending June 30, 2009. The forecast has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as summarized in Appendix I to the prospectus.

**B. ASSUMPTIONS**

The forecast has been prepared based on the following principal assumptions:

- there will be no material change in existing political, legal, fiscal, market or economic conditions in the PRC or any other country or territory in which the Group currently operates or which are otherwise material to the Group’s business;
- there will be no changes in legislation, regulations or rules in the PRC or any other country or territory in which the Group operates or with which the Group has arrangements or agreements, which materially adversely affect its business;
- there will be no material change in the bases or rates of taxation in the PRC or any other country or territory in which the Group operates, except as otherwise disclosed in this prospectus;
- there will be no material changes in inflation rates, interest rates or foreign currency exchange rates from those currently prevailing; and
- our operations will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents.

**C. LETTERS**

Set out below are the texts of letters, prepared for inclusion in this prospectus, received by our Directors from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, and from the Joint Sponsors in connection with the forecast of our consolidated profit attributable to the equity holders of the Company for the six months ending 30 June 2009.

**Deloitte.**  
德勤

24 April 2009

The Directors  
China Zhongwang Holdings Limited  
CITIC Securities Corporate Finance (HK) Limited  
UBS AG

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of China Zhongwang Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ending 30 June 2009 attributable to equity holders of the Company (the "Forecast"), for which the directors of the Company are solely responsible, as set out in the prospectus dated 24 April 2009 issued by the Company (the "Prospectus"). The Forecast is prepared based on the results shown in the unaudited management accounts of the Group for the two months ended 28 February 2009 and a forecast of the consolidated results of the Group for the remaining four months ending 30 June 2009.

In our opinion the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report on the financial information of the Group for the three years ended 31 December 2008 as set out in Appendix I to the Prospectus.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong



26/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong



52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

April 24, 2009

The Directors  
China Zhongwang Holdings Limited

Dear Sirs,

We refer to the consolidated profit forecast of China Zhongwang Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ending June 30, 2009 (the "Profit Forecast") as set out in "Financial Information – Profit forecast for the six months ending June 30, 2009" in the prospectus issued by the Company dated April 24, 2009.

The Profit Forecast, for which the Directors are solely responsible, has been prepared by them based on the unaudited management accounts of the Group for the two months ended February 28, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending June 30, 2009.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated April 24, 2009 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Forecast, for which you as the Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,  
For and on behalf of  
**CITIC Securities Corporate Finance (HK) Limited**  
**Freda Wong**  
*Executive Director*

Yours faithfully,  
For and on behalf of  
**UBS AG**  
**Henry Cai**  
*Managing Director*  
*Chairman of Investment Banking Asia*

**Julia Xiao**  
*Director*



*The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the property interests of the Group as at 28 February 2009.*



Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100  
F: (852) 2530 0756

EA Licence: C-023750  
savills.com

The Directors  
China Zhongwang Holdings Limited  
299 Wensheng Road  
Liaoyang  
Liaoning Province  
PRC

24 April 2009

Dear Sirs,

In accordance with your instructions for us to value the properties in which China Zhongwang Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 28 February 2009 (the "date of valuation") for inclusion in an Initial Public Offer Document.

Our valuation of each of the property interests is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management

agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation, we have assumed that transferable land use rights in respect of the properties in the PRC for respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the grantees of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

In valuing the property interests in Group I, which are held and occupied by the Group in the PRC, due to the nature of the buildings and structures were constructed, there are no readily identifiable market comparables, and the buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement costs. We would define "depreciated replacement cost" to be our opinion of the land value in its existing use and an estimate of the new replacement costs of the buildings and structures, including professional fees and finance charges, from which deductions are then made to allow for age, condition and functional obsolescence. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on market sales.

In valuing the property interests in Group II, which are held under development by the Group in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the Group's latest development proposals provided to us and by depreciated replacement cost approach with regard to their prevailing cost levels and status of construction as at the date of valuation. We have also assumed that all consents, approvals and licences from the relevant government authorities for the development have been granted without any onerous conditions or undue delay.

In valuing the property interest in Group III, which is leased by the Group in the PRC, we have assigned no commercial value to the property, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to lack of substantial profit rent.

We have been provided by the Group with copies of extract of title documents relating to the properties in the PRC. However, we have not inspected the original documents to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal advisor on PRC laws, Commerce & Finance Law Offices, regarding the titles to the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to our valuation. We have also sought confirmation from the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

Unless otherwise stated, all money amounts stated in this report are in Renminbi (RMB).

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,  
For and on behalf of  
**Savills Valuation and Professional Services Limited**  
**Charles C K Chan**  
MSc FRICS FHKIS MCI Arb RPS(GP)  
*Managing Director*

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*Note:* Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has about 24 years' experience in the valuation of properties in Hong Kong and 19 years' experience in the valuation of properties in the PRC.

## SUMMARY OF VALUES

**Group I – Property interests held and occupied by the Group in the PRC**

<b>No. Property</b>	<b>Capital value in existing state as at 28 February 2009</b>
1. An industrial complex located at Wensheng Road, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB376,100,000
2. An industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB200,800,000
3. An industrial complex located at the western side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB16,100,000
	_____
Sub-total:	RMB593,000,000
	_____

**Group II – Property interests held under development by the Group in the PRC**

4. A proposed industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB9,100,000
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<b>No. Property</b>	<b>Capital value in existing state as at 28 February 2009</b>
5. A proposed industrial complex located at the eastern side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB88,100,000
6. A proposed industrial complex located at Xujiatun Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB167,400,000
7. A proposed industrial complex located at the northern side of Xinghuo Street, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB39,000,000
	_____
Sub-total:	RMB303,600,000
	_____
<b>Group III – Property interest leased by the Group in the PRC</b>	
8. Portion of 9th Floor, Huaxia Bank Building, 22 Jianguomun Outer Street, Dongcheng District, Beijing, PRC	No commercial value
	_____
Sub-total:	Nil
	_____
Grand-total:	RMB896,600,000
	_____
	_____

## VALUATION CERTIFICATE

## Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
1.	An industrial complex located at Wensheng Road, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 299,258.70 sq.m. (3,221,221 sq.ft.) on which 100 buildings and structures completed in various stages between 1994 and 2007 are erected.</p> <p>The buildings mainly include workshops, warehouses, dormitories, offices and canteens, etc.</p> <p>The total gross floor area of the property is approximately 184,095.38 sq.m. (1,981,603 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 12 July 2053 for industrial uses.</p>	The property is occupied by the Group for storage, production, office and dormitory uses.	RMB376,100,000

## Notes:

1. Pursuant to 2 State-owned Land Use Certificates – Liao Hong Guo Yong (2008) Zi No. 104700048-1 and Liao Hong Guo Yong (2008) Zi No. 104700048-2 both issued by State-owned Land Resources Bureau of Liaoyang, Hongwei Branch on 14 August 2008, the land use rights of 2 parcels of land with a total site area of 299,258.70 sq.m. were granted to Liaoning Zhongwang Group Co., Ltd. (“Zhongwang PRC”) for a term expiring on 12 July 2053 for industrial uses.
2. Pursuant to 100 Building Ownership Certificates all issued by Real Estate Administration of Liaoyang, the building ownership of the property with a total gross floor area of 184,095.38 sq.m. is held by the Zhongwang PRC.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights and the building ownerships of the property are legally held by the Group;
  - (iii) portion of the property is subject to mortgages whilst the remaining portion of the property is free from any mortgages and third party encumbrances; and
  - (iv) the Group has the right to transfer, lease, mortgage or dispose of the property except the mortgaged portion which requires the consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
2.	An industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 203,918.50 sq.m. (2,194,979 sq.ft.) on which 13 buildings and structures completed in various stages between 2006 and 2007 are erected.</p> <p>The total gross floor area of the property is approximately 69,442.68 sq.m. (747,481 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 20 June 2049 for industrial uses.</p>	The property is occupied by the Group for production and ancillary uses.	RMB200,800,000

## Notes:

1. Pursuant to 2 State-owned Land Use Certificates – Liao Hong Guo Yong (2005) Zi No. 104900068 and Liao Hong Guo Yong (2006) Zi No. 104700041 both issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 20 December 2005 and 27 November 2006 respectively, the land use rights of the property with a total site area of 203,918.50 sq.m. were granted to Zhongwang PRC for terms expiring on 20 June 2049 and 20 November 2056 for industrial uses.
2. Pursuant to 13 Building Ownership Certificates all issued by Real Estate Administration of Liaoyang, the building ownership of the property with a total gross floor area of 69,442.68 sq.m. is held by Zhongwang PRC.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights and the building ownership of the property are legally held by the Group;
  - (iii) portion of the property is subject to mortgages whilst the remaining portion of the property is free from any mortgages and third party encumbrances; and
  - (iv) the Group has the right to transfer, lease, mortgage or dispose of the property except the mortgaged portion which requires consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
3.	An industrial complex located at the western side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 3,147.00 sq.m. (33,874 sq.ft.) on which a 6-storey office building completed in 2006 is erected.</p> <p>The gross floor area of the property is approximately 7,024.84 sq.m. (75,615 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 19 July 2049 for industrial uses.</p>	The property is occupied by the Group for office use.	RMB16,100,000

## Notes:

1. Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2004) Zi No. 104700013 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 23 December 2004, the land use rights of a parcel of land with a site area of 3,147.00 sq.m. were granted to Zhongwang PRC for a term expiring on 19 July 2049 for industrial uses.
2. Pursuant to a Building Ownership Certificate – Liao Shi Zi No. 00176558 issued by Real Estate Administration of Liaoyang, the building ownership of the property with a gross floor area of 7,024.84 sq.m. is held by Zhongwang PRC.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights and the building ownership of the property are legally held by the Group;
  - (iii) the property is free from any mortgages and third party encumbrances; and
  - (iv) the Group has the right to transfer, lease, mortgage or dispose of the property.



## VALUATION CERTIFICATE

## Group II – Property Interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
4.	A proposed industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 98,333.00 sq.m. (1,058,456 sq.ft.) on which a single-storey workshop is being constructed.</p> <p>Upon completion, the gross floor area of the proposed building will be approximately 7,957.97 sq.m. (85,660 sq.ft.).</p> <p>The proposed building is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 20 June 2049 for industrial uses.</p>	The property is under construction.	RMB9,100,000

## Notes:

1. Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2005) Zi No. 104900068 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 20 December 2005, the land use rights of a parcel of land with a site area of 98,333.00 sq.m. were granted to Zhongwang PRC for a term expiring on 20 June 2049 for industrial uses.
2. Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2005) No. 73 issued by Planning Bureau of Liaoyang, the construction works of the property with a site area of approximately 195,866.00 sq.m. has been approved for construction on the land of the property.
3. Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (Gong) (2007) No. (57) issued by Planning Bureau of Liaoyang, the property with a planned gross floor area of approximately 7,957.97 sq.m. has been approved for construction.
4. Pursuant to a Construction Works Commencement Permit – 211002200708050101 issued by Planning Bureau of Liaoyang, the construction works of the property with a planned gross floor area of approximately 7,957.97 sq.m. have been permitted by the relevant local authority to commence.
5. As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB6,100,000 in which approximately RMB3,600,000 was spent as at the date of valuation.
6. In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB15,100,000.
7. In the course of our valuation, the underlying land with a site area of approximately 98,333.00 sq.m. has been valued in Property No. 2, thus, we have excluded the valuation of the land in this property.
8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights of the property are legally held by the Group;
  - (iii) the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - (iv) portion of the property is subject to mortgages in favor of Guangdong Development Bank, Dalian Branch;
  - (v) another portion of the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch whilst the remaining portion of the property is free from any mortgages and encumbrances; and
  - (vi) the Group has the right to transfer, lease, mortgage or dispose of the property except the mortgaged portion which requires consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
5.	A proposed industrial complex located at the eastern side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 47,996.51 sq.m. (516,634 sq.ft.) on which two single-storey workshops, a 2-storey ancillary building and structures are being constructed.</p> <p>Upon completion, the total gross floor area of the proposed development will be approximately 40,495.13 sq.m. (435,890 sq.ft.).</p> <p>The proposed development is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 20 February 2054 for industrial uses.</p>	The property is under construction.	RMB88,100,000

## Notes:

1. Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2004) Zi No. 104700031 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 24 December 2004, the land use rights of the property with a site area of 47,996.51 sq.m. were granted to Zhongwang PRC for a term expiring on 20 February 2054 for industrial uses.
2. Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2005) No. 86 issued by Planning Bureau of Liaoyang, the construction works of the property with a site area of approximately 47,996.50 sq.m. has been approved for construction on the land of the property.
3. Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (Gong) (2006) No. (12) issued by Planning Bureau of Liaoyang, the property with a total planned gross floor area of approximately 40,495.13 sq.m. has been approved for construction.
4. Pursuant to 3 Construction Works Commencement Permits – 211002200604170101, 211002200604170201 and 211002200604170301 all issued by Chengxiang Construction Committee of Liaoyang, the construction works of the property with a total planned gross floor area of approximately 40,495.13 sq.m. have been permitted by the relevant local authority to commence.
5. As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB30,000,000 in which approximately RMB18,400,000 was spent as at the date of valuation.
6. In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB100,900,000.
7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights of the property are legally held by the Group;
  - (iii) the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - (iv) the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch; and
  - (v) the Group has the right to transfer, lease, mortgage or dispose of the property after obtaining consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
6.	A proposed industrial complex located at Xujiatun Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 142,597.80 sq.m. (1,534,923 sq.ft.) on which three single-storey workshops and structures are being constructed.</p> <p>Upon completion, the total gross floor area of the proposed development will be approximately 72,452.47 sq.m. (779,878 sq.ft.). The proposed development is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 15 April 2053 for industrial uses.</p>	The property is under construction.	RMB167,400,000

## Notes:

1. Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2005) Zi No. 104700008 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang, the land use rights of the property with a site area of 142,597.80 sq.m. were granted to Zhongwang PRC for a term expiring on 15 April 2053 for industrial uses.
2. Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2005) No. 4 issued by Planning Bureau of Liaoyang, the construction works of the property with a site area of approximately 142,597.84 sq.m. has been approved for construction on the land of the property.
3. Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (2005) No. 4 issued by Planning Bureau of Liaoyang, the property with a total planned gross floor area of approximately 72,452.47 sq.m. has been approved for construction.
4. Pursuant to 3 Construction Works Commencement Permits – 211002200505160201, 211002200505160301 and 211002200505160401 all issued by Chengxiang Construction Committee of Liaoyang, the construction works of the property with a total planned gross floor area of approximately 72,452.47 sq.m. have been permitted by the relevant local authority to commence.
5. As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB57,700,000 in which approximately RMB26,700,000 was spent as at the date of valuation.
6. In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB202,500,000.
7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights of the property are legally held by the Group;
  - (iii) the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - (iv) the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch; and
  - (v) the Group has the right to transfer, lease, mortgage or dispose of the property after obtaining consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
7.	A proposed industrial complex located at the northern side of Xinghuo Street, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 23,822.50 sq.m. (256,425 sq.ft.) on which a single-storey workshop is being constructed.</p> <p>Upon completion, the gross floor area of the proposed development will be approximately 17,823.07 sq.m. (191,848 sq.ft.). The proposed development is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 15 June 2057 for industrial uses.</p>	The property is under construction.	RMB39,000,000

## Notes:

1. Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2007) Zi No. 104700042 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang, the land use rights of the property with a site area of 23,822.50 sq.m. were granted to Zhongwang PRC for a term expiring on 15 June 2057 for industrial uses.
2. Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2007) No. 42 issued by Planning Bureau of Liaoyang, the construction works of the property with a total planned gross floor area of approximately 142,597.84 sq.m. has been approved for construction on the land of the property.
3. Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (Gong) (2007) No. (85) issued by Planning Bureau of Liaoyang, the property with a planned gross floor area of approximately 17,823.07 sq.m. has been approved for construction.
4. Pursuant to a Construction Works Commencement Permit – 211002200709120101 issued by Chengxiang Construction Committee of Liaoyang, the construction works of the property with a planned gross floor area of approximately 17,823.07 sq.m. have been permitted by the relevant local authority to commence.
5. As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB14,200,000 in which approximately RMB13,300,000 was spent as at the date of valuation.
6. In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB47,200,000.
7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights of the property are legally held by the Group;
  - (iii) the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - (iv) the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch; and
  - (v) the Group has the right to transfer, lease, mortgage or dispose of the property after obtaining consents from the mortgagee.

## VALUATION CERTIFICATE

## Group III – Property interest leased by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
8.	Portion of 9th Floor, Huaxia Bank Building, 22 Jianguomun Outer Street, Dongcheng District, Beijing, PRC	<p>The property comprises portion of 9th floor of a 22-storey office building completed in 2004.</p> <p>The gross floor area of the property is approximately 162.00 sq.m. (1,744 sq.ft.) (2,437.44 sq.m. as from 1 March 2009).</p> <p>As per the lease agreement (the “original lease agreement”), the property is leased to Liaoning Zhongwang Group Co., Ltd. (“Zhongwang PRC”) from Chengwang Renhe Commercial and Trading Co., Ltd. (成旺人和商貿有限公司) (“Chengwang Renhe”) for a term commencing on 13 February 2008 and expiring on 12 November 2010 at an annual rental of RMB291,600.</p> <p>Chengwang Renhe has leased the property from Huaxia Bank Co., Ltd. (“Huaxia Bank”) and sub-leased to Zhongwang PRC. The original lease agreement was superseded by a new tenancy agreement (see Note 2) and has become invalid since 1 March 2009.</p>	The property is occupied by the Group for office use.	No commercial value

## Notes:

1. The lessee, Zhongwang PRC, is a wholly-owned subsidiary of the Company.
2. Pursuant to a tenancy agreement (the “new tenancy agreement”) entered into between Huaxia Bank and Zhongwang PRC on 26 February 2009, Huaxia Bank has agreed to lease a premises located at 9th Floor, Huaxia Bank Building, 22 Jianguomun Outer Street, Dongcheng District, Beijing with a gross floor area of approximately 2,437.44 sq.m. (including the property) to Zhongwang PRC for a term commencing on 1 March 2009 and expiring on 29 February 2012 at an annual rental of RMB4,487,392.
3. We have been provided with a legal opinion on the legality of the new tenancy agreement issued by the Group’s PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the building ownership of the property is legally held by Huaxia Bank, Huaxia Bank has the right to lease the property to the lessee;
  - (ii) the new tenancy agreement is valid and legal binding; and
  - (iii) the new tenancy agreement has not been registered but this will not affect the validity of such tenancy agreement under the PRC laws.

Set out below is a summary of certain provisions of the Memorandum and Articles of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 29, 2008 under the Cayman Islands Companies Law. The Memorandum and the Articles comprise its constitution.

### **1. MEMORANDUM OF ASSOCIATION**

- (a)** The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b)** The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

### **2. ARTICLES OF ASSOCIATION**

The Articles were conditionally adopted on April 15, 2009 and will become effective upon the listing of our Shares on the Hong Kong Stock Exchange. The following is a summary of certain provisions of the Articles:

#### **(a) Directors**

- (i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

- (ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

- (iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

- (iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

- (v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be

interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates has a material interest, and such Director shall excuse himself from any meeting or part of any meeting of the Board and shall not participate in any discussions in respect of any resolutions where any contract of arrangement or other proposal in which he or any of his associates has a material interest is discussed or resolved, unless the participation or attendance of such Director at such meeting or part of any such meeting of the Board is specifically requested by the remaining Directors present at such meeting. The foregoing prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;



- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
  - (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
  - (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

## (viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

## (ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

## (x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the registrar of companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

**(b) Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e) Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which Notice of not less than twenty-one (21) clear days' and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, it permitted by the Designated Stock Exchange except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which Notice of less than twenty-one (21) clear days' notice has been given.

A copy of any special resolution must be forwarded to the registrar of companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

**(h) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statements and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called of Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by Notice of at least twenty-one (21) clear days' and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by Notice of at least fourteen (14) clear days' and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general

nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it permitted by the rules of the Designated Stock Exchange it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95) per cent in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty (20) per cent in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

**(j) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall



be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

**(l) Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

**(m) Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

**(o) Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty (20) per cent. per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty (20) per cent. per annum as the board determines.

**(p) Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

**(q) Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

**(s) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(u) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the registrar of companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

**(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

**(f) Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.



Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from February 12, 2008.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the registrar of companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

**(n) Winding up**

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least

twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five (75) per cent. in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(p) Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety (90) per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(q) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**4. GENERAL**

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on January 29, 2008. Our Company has established a place of business in Hong Kong at 20th Floor, Alexandra House, Central, Hong Kong on December 29, 2008 and was registered in Hong Kong as a non-Hong Kong company under part XI of the Companies Ordinance on January 22, 2009. Mr. Cheung Lap Kei of Flat E, 50/F, Block 6, Banyan Garden, 863 Lai Chi Kok Road, Lai Chi Kok, Kowloon, Hong Kong was appointed as the authorized representative of our Company for the acceptance of service of process and notice on behalf of our Company in Hong Kong at the above address.

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

**2. Changes in share capital of our Company**

Our Company was incorporated with an authorized capital of HK\$800,000,000 divided into 8,000,000,000 shares of HK\$0.10 each. The following alterations in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:

- (a) on January 29, 2008, one subscriber Share was issued to our Company's subscriber at par, and the said subscriber share was subsequently transferred to ZIGL on the same date;
- (b) in connection with the Reorganization, on January 31, 2008, our Company acquired the entire issued share capital of ZCIL (BVI) from ZIGL, and in consideration therefor, our Company issued one Share at a consideration of HK\$23,311.20 to ZIGL;
- (c) in connection with the Reorganization, ZCIL (HK) (an indirect wholly-owned subsidiary of our Company) accepted the transfer of 40% of the registered capital of Zhongwang PRC from Kong Lung and, in connection therewith, on June 13, 2008 our Company issued one Share at a consideration of US\$197,023,300 to ZIGL;
- (d) on July 22, 2008, our Company capitalized an amount of HK\$399,999,999.4 standing to the credit of its share premium account in paying-up in full 3,999,999,994 Shares, each of which was subsequently allotted and issued to ZIGL;
- (e) on August 8, 2008, ZIGL applied the Bridging Portion of the Term Loan to subscribe for two Shares; and
- (f) on August 8, 2008, ZIGL applied the proceeds of the Olympus Exchangeable Notes in the amount of US\$100 million to subscribe for one Share.

**3. Resolutions of Directors passed on April 17, 2008 and December 30, 2008 and resolutions of shareholder of our Company passed on April 17, 2008 and April 15, 2009**

On April 17, 2008, resolutions were passed by the sole shareholder of our Company pursuant to which, among other things, conditional upon the Listing Committee of the Hong Kong Stock Exchange granting approval of the Pre-IPO Share Option Scheme and the Share Option Scheme and the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme (a) the Pre-IPO Share Option Scheme and the Share Option Scheme be conditionally approved and adopted; and (b) the Directors were authorized to grant options to subscribe for Shares under the Pre-IPO Share Option Scheme and the Share Option Scheme.

On April 17, 2008, resolutions were passed by the Directors pursuant to which, among other things, conditional upon the Listing Committee of the Hong Kong Stock Exchange granting approval of the Pre-IPO Share Option Scheme and the Share Option Scheme and of the listing of and permission to deal in our Shares to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, respectively, (a) the Pre-IPO Share Option Scheme and the Share Option Scheme were approved and adopted, (b) the Directors were authorized to grant options to subscribe for Shares under the Pre-IPO Share Option Scheme and the Share Option Scheme and to allot and issue Shares pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, and (c) the grant of the Pre-IPO Options was approved.

On December 30, 2008, resolutions were passed by the Directors pursuant to which, among other things, conditional upon the Listing Committee of the Hong Kong Stock Exchange granting approval of the Pre-IPO Share Option Scheme and the Share Option Scheme and the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the grant of options to Mr. Cheung Lap Kei was approved.

On April 15, 2009, resolutions were passed by the sole shareholder of our Company pursuant to which, among other things:

- (a) our Company approved and adopted, conditional upon Listing, the Articles;
- (b) conditional upon all conditions set out in the section headed "Structure of the Global Offering" of this prospectus, the Global Offering and the Over-allotment Option were approved and the Directors were authorized to approve the allotment and issue of the Offer Shares pursuant to the Global Offering and any Shares which may be required to be allotted and issued if the Over-allotment Option is exercised;
- (c) the general unconditional mandate (the "Issuing Mandate") was given to the Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or pursuant to the exercise of options which may be granted under the Share Option Scheme) Shares with an aggregate nominal value of not exceeding the sum of 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option) during the period prior to (i) the conclusion of the

next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Cayman Islands Companies Law or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of such mandate by an ordinary resolution of shareholders of our Company in a general meeting, whichever occurs first;

- (d) the general unconditional mandate (the "Repurchase Mandate") was given to the Directors to exercise all powers for and on behalf of our Company to repurchase Shares with an aggregate nominal value of not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option) during the period prior to (i) the conclusion of the next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Cayman Islands Companies Law or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of such mandate by an ordinary resolution of shareholders of our Company in a general meeting, whichever occurs first;
- (e) the Issuing Mandate be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate nominal value of the issued share capital of our Company immediately following completion of the Global Offering (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option).

#### **4. The Reorganization**

The companies comprising our Group underwent a reorganization to rationalize our corporate structure in preparation the Listing, and as a result of which our Company became the holding company of our Group. The Reorganization involved the following steps:

- (a) on January 31, 2008, ZIGL transferred the entire issued capital of ZCIL (BVI) (which held the entire issued share capital of ZCIL (HK)) to our Company, and in consideration therefor, our Company issued one Share to ZIGL;
- (b) on February 28, 2008, Kong Lung entered into an agreement to transfer 40% of Zhongwang PRC's registered capital to ZCIL (HK), and in consideration therefor, ZCIL (HK) issued one share to ZCIL (BVI), which in turn issued one share to our Company, and our Company then issued one Share to ZIGL, which in turn issued one share to Mr. Liu;

- (c) on February 28, 2008, Liaoyang Factory entered into an agreement to transfer 60% of Zhongwang PRC's registered capital to ZCIL (HK). Such transfer was approved by the Liaoning Provincial Bureau of the Foreign Trade and Economic Commission (遼寧省對外貿易經濟合作廳) (the local commission of Ministry of Commerce of the PRC, being the original approving authority for Zhongwang PRC) on March 17, 2008 under the approval entitled Approval for the Alteration of the Names of the Investors, the Transfer of Equity and the Re-registration as a Wholly Foreign Owned Enterprise of Liaoning Zhongwang Group Limited (《關於遼寧忠旺集團有限公司投資者更名及股權轉讓並變更為獨資公司的批覆》) pursuant to the Provisions for the Alteration of Investors' Equities in Foreign-invested Enterprises 《外商投資企業投資者股權變化的若干規定》;
- (d) on March 26, 2008, Zhongwang PRC entered into an agreement to acquire the machinery and equipment for the manufacture of the dies used in the forming of aluminum extrusion products from Pengli Dies;
- (e) on March 13, 2008, Zhongwang PRC entered into agreements to transfer the following office premises and buildings and the related land (being properties used solely for the purposes of the respective transferees) to the following parties:
- (i) office premises with a total floor area of approximately 4,189 sq.m., and buildings with a total floor area of approximately 63,696 sq.m. and the related land with a site area of approximately 684,078 sq.m. to Hong Cheng;
  - (ii) buildings with a total floor area of approximately 39,566 sq.m. and the related land with a site area of approximately 224,324 sq.m. to Cheng Cheng;
  - (iii) buildings with a total floor area of approximately 17,844 sq.m. and the related land with a site area of approximately 34,446 sq.m. to Futian Chemical;
  - (iv) buildings with a total floor area of approximately 13,798 sq.m. and the related land with a site area of approximately 17,655 sq.m. to Zhongtian Garment.

For the purpose of completing the acquisition of Zhongwang PRC as mentioned above in connection with the Reorganization, ZIGL issued exchangeable loan notes (being the Olympus Exchangeable Notes) to Olympus Alloy for the principal amount of US\$100 million and obtained the Term Loan from Scuderia Capital. The proceeds of the issue of the Olympus Exchangeable Note and the Term Loan amounted to US\$300.0 million. The aggregate of the proceeds of the issue of the Olympus Exchangeable Notes and the Bridging Portion of the Term Loan were applied to subscribe for three Shares, and such proceeds were lent by our Company, through ZCIL (BVI), as shareholder's loan to ZCIL (HK), which then applied the same toward payment of the purchase consideration of approximately US\$295.5 million for the acquisition of Zhongwang PRC. The balance of the proceeds of the Term Loan was retained by ZIGL. The Term Loan and all accrued interest was repaid in full on April 17, 2009.

Both Olympus Alloy and Scuderia Capital are not connected persons of our Company. Details of Olympus Exchangeable Notes and the Bridging Portion of the Term Loan are set out below.

**(a) Olympus Exchangeable Notes**

Pursuant to a memorandum of understanding dated February 28, 2008 between Olympus Capital and ZIGL and, subsequently, a definitive agreement dated July 23, 2008 (the “Olympus Exchangeable Note Purchase Agreement”) entered into between Olympus Alloy, Olympus Capital, ZIGL and Mr. Liu, ZIGL issued the Olympus Exchangeable Notes to Olympus Alloy in the aggregate principal amount of US\$100 million.

Olympus Capital is a private equity firm with offices in Hong Kong, Shanghai, Tokyo, New Delhi, Seoul and New York. It specializes in partnering with Asian shareholders and management teams to expand their businesses regionally and globally. Since its establishment in 1997, Olympus Capital has invested approximately US\$1.3 billion on behalf of funds and co-investors in 29 portfolio companies (including through ZIGL in our Company) throughout Asia. Olympus Capital’s target industry sectors include manufacturing, agribusiness, business services, environmental services and financial services. Olympus Capital’s investor base includes a wide range of institutions and high net worth families from North America, Asia, Europe and the Middle East. Olympus Alloy is a special purpose vehicle set up by Olympus Capital for the purpose of investing in the Olympus Exchangeable Notes. Olympus Alloy is beneficially owned by Olympus Capital Asia III, L.P. and its parallel funds, as well as certain co-investors with whom Olympus Capital has relationships with.

Save for the fact that Olympus Alloy has nominated the appointment of Mr. Ma Xiaowei as a non-executive Director, neither Olympus Alloy, nor its direct shareholder, namely Olympus Capital, or its indirect shareholders, or their respective directors are connected persons of our Company.

We believe that Olympus Alloy is a reputable institutional investor and the introduction of Olympus Alloy will enhance our corporate governance and provide new contacts for business opportunities.

The Olympus Exchangeable Notes entitle the holder(s) thereof (the “Note Holder”) to exchange the Olympus Exchangeable Notes for existing Shares held by ZIGL. Pursuant to the Olympus Exchangeable Note Purchase Agreement, Olympus Alloy and Olympus Capital have undertaken that as long as Olympus Alloy holds any Olympus Exchangeable Notes, at least 51% of the issued capital of Olympus Alloy shall be owned by investment funds managed by Olympus Capital.



The Olympus Exchangeable Notes is a private arrangement between ZIGL and Olympus Alloy in respect of the acquisition of certain of the existing Shares held by ZIGL. Whether the Note Holder chooses to exchange the Olympus Exchangeable Notes for Shares or to redeem the Olympus Exchangeable Notes is a matter between the Note Holder and ZIGL, and does not involve our Company. No new Shares will be issued by our Company in the case that the Note Holder exercises its right of exchange and no payment will be paid by our Company in the case that the Note Holder redeems the Olympus Exchangeable Notes. Therefore, there will be no dilution on the shareholdings of our shareholders.

In connection with Olympus Alloy's subscription of the Olympus Exchangeable Notes, ZIGL has executed a share charge (the "Share Charge") in respect of certain existing Shares, which initially represented 10% of the issued share capital of our Company as at the completion of the Olympus Exchangeable Note Purchase Agreement, and our Company executed a deed of warranties in favor of Olympus Alloy. After the Listing, the number of Shares subject to the Share Charge will be adjusted such that only the amount of Shares equal to the number of Shares into which the Olympus Exchangeable Notes may be exchanged pursuant to their terms will continue to be subject to such charge. Pursuant to the terms of the Olympus Exchangeable Note Purchase Agreement and the Olympus Exchangeable Notes, prior to the earlier of the Listing and the Olympus Exchangeable Notes having been repaid in full, ZIGL is required to maintain direct ownership of 100% of our outstanding Shares, and cause our Company to maintain ownership of 100% of the equity interest in ZCIL (BVI), ZCIL (HK) and Zhongwang PRC.

On the basis that the Listing will become effective on May 8, 2009 and assuming an Offer Price of HK\$6.80, being the lowest indicative Offer Price stated in this prospectus, and assuming that the Over-allotment Options will not be exercised, none of the Pre-IPO Share Options will be exercised, and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, upon full exchange of the principal amount of the Olympus Exchangeable Notes (without interest) at the rate of exchange of US\$1.0 to HK\$7.8, the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 143,382,352 Shares, representing approximately 2.7% of our Company's total Shares issued and outstanding upon completion of the Global Offering.

On the basis that the Listing will become effective on May 8, 2009 and assuming an Offer Price of HK\$8.80, being the highest indicative Offer Price stated in this prospectus, and assuming that the Over-allotment Options will not be exercised, none of the Pre-IPO Share Options will be exercised, and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, upon full exchange of the principal amount of the Olympus Exchangeable Notes (without interest) at the rate of exchange of US\$1.0 to HK\$7.8, the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 110,795,454 Shares, representing approximately 2.1% of our Company's total Shares issued and outstanding upon completion of the Global Offering.

Set out below is a summary of certain of the principal terms of the Olympus Exchangeable Notes:

Issuer:	ZIGL
Subscriber:	Olympus Alloy
Principal amount:	US\$100,000,000
Date of issue:	August 8, 2008
Interest:	Interest rate shall be 0% per annum during the first year after the issue date of the Olympus Exchangeable Notes, being August 8, 2008, (the "Olympus Note Issue Date"); 3% per annum during the second year after the Olympus Note Issue Date; 5% per annum during the third year after the Olympus Note Issue Date; and 8% per annum thereafter. Interest accrues daily until the earlier of (a) the date the Olympus Exchangeable Notes are redeemed in full and (b) the date of completion of the Listing.
Payment of interest:	Interest shall be paid in cash upon redemption. If the Olympus Exchangeable Notes are exchanged for Shares, the Note Holder may elect to exchange the accrued interest thereon for Shares or be paid in cash.
Maturity date:	The third anniversary of the Olympus Note Issue Date, which is extendable by one year at the option of the Note Holder holding, collectively, at least 51% of the Olympus Exchangeable Notes outstanding.
Redemption:	<p>The Olympus Exchangeable Notes shall be redeemed on the Maturity Date, but the Note Holder shall also be entitled to serve a redemption notice upon certain events as stated in the terms of the Olympus Exchangeable Notes, which include, inter alia:</p> <ul style="list-style-type: none"><li>(i) any event after which Mr. Liu will cease to hold a majority of the shares of ZIGL, or ZIGL will cease to hold a majority of the shares of our Company, or our Company will indirectly cease to hold a majority of the registered capital interest in Zhongwang PRC, or there is a transfer of all or substantially all the assets of Zhongwang PRC to any entity outside the Group (each, a "Change of Control");</li></ul>

- (ii) if the initial public offering undertaken by our Company is not a Qualifying IPO. The term "Qualifying IPO" means an initial public offering (a) immediately following the completion of which not less than 25% of the Shares then in issue are publicly traded in a freely convertible currency and (b) in which the Shares to be delivered upon exchange of the Olympus Exchangeable Note are listed and can be publicly traded without restriction after the expiration of a Lock-Up Period. "Lock-Up Period" means the period during which the sale or transfer of Shares into which the Olympus Exchangeable Notes are exchangeable is prohibited or restricted pursuant to applicable laws, regulations or stock exchange rules or lock-up agreements required by the underwriters. Under the Hong Kong Listing Rules, ZIGL is not permitted to transfer any Shares to Olympus Alloy within a period of six months after the Listing, and therefore such six month period after the Listing shall be the "Lock-Up Period." The relevant transfer restrictions are a voluntary arrangement agreed between ZIGL and Olympus Alloy; and
- (iii) the occurrence of an event of default.

Redemption price:

The principal amount (or any portion thereof) of the relevant Olympus Exchangeable Note plus then accrued interest and a premium equal to an amount which, together with the said principal and interest, would achieve an internal rate of return of 15% for the relevant Note Holder.

Exchange rights:

The Note Holder shall, after the Lock-up Period, have the right to exchange all or part of the principal and/or interest accrued thereon into Shares at the Exchange Price (as defined below) until the Olympus Exchangeable Notes have been fully redeemed.

Exchange price:

Subject to the anti-dilution adjustments described below, the price at which the Olympus Exchangeable Notes can be exchanged for Shares (the "Exchange Price") is determined based on the timing of the Listing with respect of the Olympus Note Issue Date as follows:

<b><u>Timing of Listing from the Olympus Note Issue Date</u></b>	<b><u>Exchange Price</u></b>
Within 365 days	80% of the Offer Price
366 days to 549 days	71.6% of the Offer Price
550 days to 730 days	64% of the Offer Price
731 days to 914 days	57.2% of the Offer Price
915 days to 1,095 days	51.2% of the Offer Price
More than 1,095 days	45.8% of the Offer Price

The above Exchange Prices were determined after arms' length negotiations between ZIGL and Olympus Alloy. We understand from ZIGL that the Exchange Price reflects Olympus Alloy's own estimation of its return on investment, in which Olympus Alloy has taken into account the investment risk involved, including its perception of the prospects of the initial public offering of our Company, the cost of funds of Olympus Alloy and the return on fair value of our Company at the time of the investment, when calculating the Exchange Price, and ZIGL found the proposed Exchange Price from Olympus Alloy agreeable.

We understand from ZIGL that the range of discounts reflects the investment risks assumed by Olympus Alloy, because the longer the period of time between the date of investment and the eventual Listing, the more uncertain the likelihood and results of the Global Offering are, hence, the rate of discount increases with time.

On the basis that the Listing will become effective on May 8, 2009 and assuming the Offer Price will be fixed at HK\$6.80 (being the lowest indicative Offer Price stated in this prospectus) and assuming that the Over-allotment Option will not be exercised, none of the Pre-IPO Share Options will be exercised and no options will be granted under the Share Option Scheme and that no further Shares will be issued or repurchased by our Company, upon the full exchange of the principal amount of the Olympus Exchangeable Notes (without interest) at the rate of exchange of US\$1.0 to HK\$7.8, the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 143,382,352 Shares, representing approximately 2.7% of our Company's total Shares issued and outstanding upon completion of the Global Offering.

As the maximum number of Shares that Olympus Alloy would receive on the date six months after the date of the Listing would be 143,382,352 Shares, representing approximately 2.7% of our Company's total issued Shares (based on the assumptions stated above), such Shares held by Olympus Alloy upon exchange will be regarded as Shares held by the public under the Hong Kong Listing Rules because:

- (a) both Olympus Alloy and Olympus Capital are not connected persons of our Company;
- (b) Olympus Alloy will also not be a substantial shareholder of our Company after the exchange of the Olympus Exchangeable Notes in full on the basis as stated above and will not therefore become a connected person of our Company; and
- (c) the investment by Olympus Alloy was not financed by any connected person of our Group and such investment is for its own interest and benefit.

We understand that ZIGL commenced discussions with a number of potential investors with regard to an investment in our Company solely for the purpose of facilitating the completion of the Reorganization in October 2007. In February 2008, Olympus Capital entered into a memorandum of understanding with ZIGL. Due to the recent financial turmoil in the global markets, in particular the credit crunch prevailing during the course of 2008, the negotiations between ZIGL and Olympus Alloy took much longer than was originally expected. At the same time, ZIGL also held discussions with other potential investors in parallel with Olympus Alloy. An investment agreement between ZIGL and Olympus Alloy was eventually entered into on July 23, 2008. Olympus Alloy paid the investment amount in full on August 8, 2008.

We understand from ZIGL that Olympus Alloy's investment was not conditional on any milestones benchmarked to our Company's listing approval process, and consider that at the time when Olympus Alloy completed its investment:

- (i) there was no assurance that the Listing Committee would approve the Listing; and
- (ii) there was a time period of uncertain duration between Olympus Alloy investing in the Olympus Exchangeable Notes and the Listing Committee's approval of the Listing, and during such period the global financial markets continued to face immense uncertainty.

We further consider that without the funds provided by Olympus Alloy, our Company would not be able to complete the Reorganization and there would not be a group structure and a business for the other public investors to invest in or for our Company to apply to the Hong Kong Stock Exchange for the Listing.

Thus, we consider that the investment risks assumed by Olympus Alloy are real and different from those of the investors under the Global Offering. For the investors participating in the Global Offering, they are not exposed to the above risks/uncertainties assumed by Olympus Alloy between the date of its investment in the Olympus Exchangeable Notes and the Global Offering, because their applications for the Shares will only be accepted and they become holders of Shares in the event the Listing is consummated, whereas they will be refunded with their application moneys in full if the Global Offering fails to become unconditional. Therefore, the investors under the Global Offering are not exposed to the investment risks applicable to Olympus Alloy.

Anti-dilution adjustment:

The Exchange Price, the number and type of securities to be received upon exchanged shall be subject to the following adjustments:

- (i) at any time after the Listing but prior to the exchange of the Olympus Exchangeable Notes, in the event that our Company undertakes a capitalization issue (other than a scrip dividend), or the Shares are subdivided, combined or reclassified, the Exchange Price shall be adjusted such that the Note Holder shall be entitled to receive the Shares or other securities that the Note Holder would have been entitled to receive had the Exchangeable Notes been exchanged immediately prior to such occurrence of the event; and
- (ii) at any time or from time to time prior to the exchange of the Olympus Exchangeable Notes, in the event that our Company issues or sells Shares at a price below the Exchange Price, the Exchange Price shall immediately be lowered to match the relevant issue price or sale price.

We understand from ZIGL that the anti-dilution adjustment mechanism is for the purpose of protecting the interests of the holder of the Olympus Exchangeable Notes and the value of the underlying conversion right.

Restriction on transfer:

The Olympus Exchangeable Notes are subject to the following transfer restrictions:

- (i) the Olympus Exchangeable Notes are not transferable prior to the expiry of the Lock-Up Period, except for (a) a transfer to any affiliate of the Note Holder, or (b) a pledge in connection with any debt financing obtained by the Note Holder and a transfer upon the enforcement of such pledge resulting from an event of default, or (c) a transfer following a Change of Control, or (d) a transfer following the occurrence and during the continuance of an event of default;
- (ii) after the first anniversary of the Olympus Note Issue Date, the Note Holder shall have the right to transfer up to 49% of the principal amount to its shareholders, provided that at all times prior to the second anniversary of the Olympus Note Issue Date, all rights of any Note Holder of the Olympus Exchangeable Notes shall be exercisable solely through Olympus Alloy;
- (iii) after the second anniversary of the Olympus Note Issue Date, the Olympus Exchangeable Notes shall be freely transferable; and
- (iv) the Olympus Exchangeable Notes are subject to the ZIGL's right of first refusal under the Olympus Exchangeable Note Purchase Agreement as described below.

The term "affiliate" includes (i) any shareholder of the Note Holder, (ii) any of such shareholder's general partners or limited partners, (iii) the fund manager managing such shareholder (and general partners, limited partners and officers thereof), (iv) the spouses, lineal descendants and heirs of individuals referred to in (ii) and (v) trusts controlled by or for the benefit of any such individuals referred to in (ii), (iii) or (iv).

Restriction on the use of proceeds:

The proceeds of the Olympus Exchangeable Notes were required to be applied towards the payment of the consideration in the acquisition of the 60% registered capital in Zhongwang PRC.



Security document:

The Share Charge was given by ZIGL for the benefit of the Note Holder in respect of Shares, which initially represented 10% of the issued share capital of our Company as at the completion of the Olympus Exchangeable Note Purchase Agreement, and, after the Listing, the number of Shares subject to the Share Charge will be adjusted such that only the amount of Shares equal to the number of Shares into which the Olympus Exchangeable Notes may be exchanged pursuant to their terms will continue to be subject to such charge.

ZIGL held 90% of the issued share capital of our Company (without taking into account the Shares charged to Olympus Alloy under the Share Charge) as at the completion of the Olympus Exchangeable Note Purchase Agreement and remained as our majority shareholder prior to the Listing.

Certain other rights of the Note Holder under the Olympus Exchangeable Notes Purchase Agreement are as follows:

Appointment of Director:

Prior to the Listing, the Note Holder has the right to require ZIGL to procure the appointment of its nominee and, pursuant to an exercise of such right, Mr. Ma Xiaowei has been appointed a Director. Such right will cease upon the Listing.

Our Director appointed by the Note Holder shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, and he shall also excuse himself from any meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolution where any contract or arrangement or other proposal in which he or any of his associates has a material interest is discussed or resolved, unless his attendance or participation at such meeting of the Board is specifically requested by the remaining Directors, unless otherwise provided in the Articles.

Restriction on transfer of Shares by ZIGL and by Mr. Liu and rights offer

Until at least 95% of the principal amount of the Olympus Exchangeable Notes have been redeemed or exchanged:

- (i) in the first 18 months after the completion of the Listing, ZIGL shall not sell or transfer Shares unless after such sale or transfer its shareholding in our Company will continue to constitute at least 51% of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge); and thereafter, ZIGL shall not sell or transfer Shares unless ZIGL remains the largest single shareholder of our Company, owning more than 33 $\frac{1}{3}$ % of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge), and that the market capitalization of our Company will be at least US\$1 billion;
- (ii) in the first 18 months after the completion of the Listing, Mr. Liu shall indirectly through ZIGL own at least 51% of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge); and thereafter, Mr. Liu shall indirectly through ZIGL own at least 33 $\frac{1}{3}$ % of the Shares outstanding on a fully diluted basis, free and clear of all encumbrances (other than the Share Charge);
- (iii) ZIGL shall maintain net asset value at least equal to, and a combination of unencumbered Shares, Shares pledged to the Note Holder(s) under the Share Charge and/or cash with an aggregate value at least equal to, the full amount payable to the Note Holder(s) at maturity; and
- (iv) in the event that our Company conducts any rights offering, the Note Holder shall be given an opportunity to subscribe or purchase from ZIGL on a pro rata basis on the same terms as offered to other shareholders of our Company.

The foregoing provisions will survive the Listing.

Tag-along right	Subject to the transfer restrictions mentioned above, in a proposed sale or transfer of Shares by ZIGL, where the proceeds of sale thereof would, when aggregated with those of all other sales made within their 12 month period, exceed an aggregate consideration of US\$200 million, the Note Holder shall have the right to require ZIGL to procure the proposed transferee to purchase Shares at the same price and on the same terms on a pro rata basis. Such right will survive the Listing.
Right of first refusal	If any Note Holder proposes to transfer any Olympus Exchangeable Notes or Shares issued upon the exchange of the Olympus Exchangeable Notes to any competitor (as defined in the Olympus Exchangeable Note Purchase Agreement) of our Company, ZIGL shall have a right of first refusal to purchase such notes or shares. Such right will survive the Listing.
Information Rights	Prior to the Listing, the Note Holder is entitled to receive from the Company periodic financial information. The Note Holder also has the right to request for information regarding operations, business affairs and financial condition of the Group as well as information and documents relating to the preparation of the Listing. Such right will cease upon the Listing.

**(b) Bridging Portion of the Term Loan**

On July 27, 2008, ZIGL entered into agreement with Scuderia Capital for the borrowing of the Term Loan in the principal amount of US\$200 million ("Principal Amount"), which was secured by security provided by Mr. Liu. Set out below is a summary of certain of the principal terms of the Term Loan:

Lender:	Scuderia Capital
Borrower:	ZIGL
Principal Amount:	US\$200,000,000
Interest rate:	12% per annum
Maturity date:	July 26, 2009

- Purpose of the Term Loan: The Bridging Portion of the Term Loan shall be applied as follows:
- (i) ZILG will subscribe two ordinary shares in the capital of our Company as fully paid up;
  - (ii) our Company will use the proceeds from the subscription of shares by ZILG to make a shareholder's loan to ZCIL (BVI);
  - (iii) ZCIL (BVI) will apply the proceeds of the shareholder's loan from our Company to make a shareholder's loan to ZCIL (HK); and
  - (iv) ZCIL (HK) will apply the proceeds of the shareholder's loan from ZCIL (BVI) to pay for a portion of the consideration for the acquisition of a 60% equity interest in Zhongwang PRC.
- Repayment: Subject to prepayment, the Borrower shall repay the Principal Amount and all the interest accrued therein and all other sums owing under the Term Loan and the Share Charges on the maturity date.
- Prepayment: The Borrower may repay without penalty, all or any part of the Principal Amount during the term of the Term Loan.
- Security: The Borrower charged the entire issued share capital of the following companies ("Share Charges") to the Lender:
- (i) United Unicorn Investment Limited, a company established in the British Virgin Islands which holds 40% of the equity interest of Hong Cheng and Futian Chemical; and
  - (ii) Dragon Pride Management Limited, a company established in the British Virgin Islands which holds 40% of the equity interest of Cheng Cheng.
- United Unicorn Investment Limited and Dragon Pride Management Limited are wholly-owned by Mr. Liu and are not members of our Group.

Undertakings: The Borrower has undertaken to the Lender that so long as any sum remains payable under any of the agreement for the Term Loan and Share Charges (“Finance Documents”) or any part of the Loan remains available, it shall, among other matters:

- (i) provide the Lender information pertaining to its financial, business and/or shareholding status as may be reasonably required by the Lender;
- (ii) notify the Lender of any event of default (as described below) or the occurrence of any event that may adversely affect its ability to perform its obligations under the Finance Documents;
- (iii) not make or permit any material change to be made to the nature of its business and operations as conducted by it currently; and
- (iv) apply the proceeds of the Term Loan in accordance with its purpose.

Event of default: The following shall be, among others, an event of default:

- (i) the Borrower fails to pay any amount due from it under the Term Loan and the Share Charges;
- (ii) ZIGL ceases to beneficially own 51% or more of the issued share capital of the Company; or the Company ceases to beneficially own the entire issued capital of ZCIL (BVI); or ZCIL (BVI) ceases to beneficially own the entire issued capital of ZCIL (HK); or ZCIL (HK) ceases to beneficially own all the equity interest of Zhongwang PRC; or
- (iii) any of the Term Loan or the Share Charges ceases to be legal, valid, binding and enforceable on or against any party thereto or is not in full force and effect.

The proceeds of the Term Loan, to the extent of the Bridging Portion of the Term Loan (being the amount of US\$195,535,000), were applied to subscribe for two Shares of our Company, and such proceeds were then lent by our Company, through ZCIL (BVI), as a shareholder’s loan to ZCIL (HK), which then applied the same towards the payment of the purchase consideration for the acquisition of Zhongwang PRC. The Term Loan was repaid in full on April 17, 2009.

Scuderia Capital is an entity established in the United States and is principally engaged in investment in business ventures and real estate development projects. Scuderia Capital is wholly-owned by Mr. Eric P. Shen. Scuderia Capital and its shareholder and director are not connected persons of our Company.

The Term Loan was repaid through the following steps:

- (i) on April 21, 2008, Zhongwang PRC declared a dividend in the sum of RMB2 billion (the "Zhongwang PRC Dividend") out of its retained earnings and paid such amount to ZCIL (HK); and
- (ii) upon receipt of the Zhongwang PRC Dividend, ZCIL (HK) distributed such amount through ZCIL (BVI), by way of dividend distribution, to our Company, and our Company in turn declared a dividend of RMB0.5 per Share in the aggregate amount of RMB2.0 billion to ZIGL on October 18, 2008, part of which was applied toward repayment of the Term Loan (with accrued interest) in full.

#### **5. Changes in the share capital of subsidiaries**

- (a) The subsidiaries of our Company are contained in the Accountants' Report set out in Appendix I to this prospectus.
- (b) The following alterations in the share capital of our Company's subsidiaries have taken place within the two years preceding the date of this prospectus:
  - (i) on April 20, 2007, the board of directors of Zhongwang PRC resolved to increase its registered capital from US\$47,305,000 to US\$140,000,000 to cater for our Group's business expansion, and on August 12, 2008, Zhongwang PRC capitalized its reserve in the amount of US\$18,539,000 and increased its capital to US\$65,844,000;
  - (ii) on December 19, 2007, ZCIL (BVI) allotted and issued one share of US\$1.00 to its subscriber;
  - (iii) on January 23, 2008, ZCIL (HK) allotted and issued one share of HK\$1.00 to its subscriber;
  - (iv) on June 13, 2008, in connection with the Reorganization, in consideration of Kong Lung transferring 40% of the registered capital of Zhongwang PRC to ZCIL (HK), ZCIL (HK) issued one share for the amount of US\$197,023,300 to ZCIL (BVI);
  - (v) on June 13, 2008, in connection with the Reorganization, in consideration of ZCIL (HK) issuing one share to ZCIL (BVI), ZCIL (BVI) allotted and issued one share for the amount of US\$197,023,300 to our Company.
- (c) Save as disclosed in this paragraph, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

**6. Further information about our subsidiary in the PRC**

We have interests in the registered capital of one company established in the PRC. A summary of the corporate information of such company is set out as follows:

Name:	Zhongwang PRC
Date of establishment:	January 18, 1993
Place of incorporation:	PRC
Nature:	Wholly foreign-owned enterprise
Registered capital:	US\$140,000,000

**7. Repurchase by our Company of its own securities****(A) Relevant legal and regulatory requirements in Hong Kong**

The Hong Kong Listing Rules permit shareholders of a listed company to grant a general mandate to the directors to repurchase shares of such company that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by shareholders in general meeting. With regard to our Company, certain relevant laws and regulations are as follows:

*(i) Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction. Pursuant to a resolution passed by the shareholders of our Company on April 15, 2009, a general unconditional mandate (being the Repurchase Mandate referred to above) was given to the board of Directors authorizing any repurchase by our Company of Shares on the Hong Kong Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme).

*(ii) Source of funds*

Repurchases by our Company must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its 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. Subject to the foregoing, any repurchases by our Company may be made out of funds which would otherwise be available for dividend or distribution or out of an issue of new shares made for the purpose of the repurchase.

(iii) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Hong Kong Stock Exchange. In addition, subject to the then prevailing requirements of the Hong Kong Listing Rules from time to time, repurchases of Shares on the Hong Kong Stock Exchange in any calendar month are limited to a maximum of 25% of the trading volume of Shares on the Hong Kong Stock Exchange in the immediately preceding calendar month. Our Company is also prohibited from repurchasing Shares on the Hong Kong Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require. As required by the prevailing requirements of the Hong Kong Listing Rules, an issuer shall not purchase its shares on the Hong Kong Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Hong Kong Stock Exchange.

(iv) *Status of repurchased Shares*

All repurchased Shares (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands Companies Law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(v) *Suspension of repurchase*

Pursuant to the Hong Kong Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Hong Kong Listing Rules in force as at the date hereof, during the period of one month immediately preceding the earlier of:

- (i) 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
- (ii) the deadline for our Company to publish an announcement of our Company's 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 in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Hong Kong Stock Exchange unless the circumstances are exceptional. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of our Shares on the Hong Kong Stock Exchange if our Company has breached the Hong Kong Listing Rules.



(vi) *Procedural and reporting requirements*

As required by the Hong Kong Listing Rules, repurchases of Shares on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Hong Kong Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) *Connected parties*

A company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a "connected person" (as defined in the Hong Kong Listing Rules) and a connected person shall not knowingly sell its securities to the company on the Hong Kong Stock Exchange.

**(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 the board of Directors 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 asset 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 its shareholders.

**(C) *Funding of repurchases***

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

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company 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 the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 5,400,000,000 Shares in issue immediately after the Global Offering (and assuming that the Over-allotment Option will not be exercised), could accordingly result in 540,000,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by Cayman Islands Companies Law or the Articles or any applicable laws of the Cayman Islands to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of shareholders of our Company in a general meeting, whichever occurs first (the "Relevant Period"). If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 5,610,000,000 Shares in issue immediately after the Global Offering could result in 561,000,000 Shares being repurchased by our Company during the Relevant Period.

**(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 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.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Hong Kong Stock Exchange to waive the Hong Kong Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

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.

**B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP****1. Summary of material contracts**

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

- (a) a share purchase agreement dated January 31, 2008 and entered into between ZIGL (as seller) and our Company (as purchaser), pursuant to which our Company acquired the entire issued share capital of ZCIL (BVI) from ZIGL for a consideration of HK\$23,311.2;
- (b) an agreement dated February 28, 2008 and entered into between ZCIL (HK) and Kong Lung, pursuant to which ZCIL (HK) acquired 40% of the registered capital of Zhongwang PRC from Kong Lung for a consideration of US\$197,023,300.0;
- (c) an agreement dated February 28, 2008 and entered into between ZCIL (HK) and Liaoyang Factory, pursuant to which ZCIL (HK) acquired 60% of the registered capital of Zhongwang PRC from Liaoyang Factory for a consideration of US\$295,535,000.0;
- (d) an agreement dated March 13, 2008 and entered into between Zhongwang PRC and Hong Cheng pursuant to which Zhongwang PRC agreed to transfer the buildings with a total floor area of approximately 63,696.0 sq.m. and the land with a site area of approximately 684,078.1 sq.m. to Hong Cheng for a consideration of approximately RMB87,575,929.4;
- (e) an agreement dated March 13, 2008 and entered into between Zhongwang PRC and Hong Cheng pursuant to which Zhongwang PRC agreed to transfer the buildings with office premises with a total floor area of approximately 4,189.2 sq.m. to Hong Cheng for a consideration of approximately RMB25,119,605.5;
- (f) an agreement dated March 13, 2008 and entered into between Zhongwang PRC and Cheng Cheng pursuant to which Zhongwang PRC agreed to transfer the buildings with a total floor area of approximately 39,566.4 sq.m. and the land with a site area of approximately 224,324.4 sq.m. to Cheng Cheng for a consideration of approximately RMB48,189,183.8;
- (g) an agreement dated March 13, 2008 and entered into between Zhongwang PRC and Futian Chemical pursuant to which Zhongwang PRC agreed to transfer the buildings with a total floor area of 17,844.2 sq.m. and the land with a site area of approximately 34,446.3 sq.m. to Futian Chemical for a consideration of approximately RMB38,663,583.5;

- (h) an agreement dated March 13, 2008 and entered into between Zhongwang PRC and Zhongtian Garment pursuant to which Zhongwang PRC agreed to transfer the buildings with a total floor area of approximately 13,797.7 sq.m. and the land with a site area of 17,654.8 sq.m. to Zhongtian Garment for a consideration of approximately RMB14,141,800.3;
- (i) an agreement dated March 26, 2008, and entered into between Zhongwang PRC and Pengli Dies pursuant to which Zhongwang PRC agreed to acquire all the equipment necessary for the manufacture of the dies used in the forming of aluminum extrusion profiles from Pengli Dies for a consideration of RMB18,931,925.0;
- (j) an underwriting agreement dated April 9, 2008 and entered into between Zhongwang PRC and Agricultural Bank of China in relation to the issue of short term debentures in the aggregate amount of RMB1 billion and a memorandum dated December 31, 2008 signed by Zhongwang PRC in relation to certain terms in such underwriting agreement;
- (k) a memorandum dated December 31, 2008 signed by Zhongwang PRC in relation to the underwriting agreement between Zhongwang PRC and Agricultural Bank of China for the issue of short term debentures in the aggregate amount of RMB1 billion;
- (l) an agreement dated June 13, 2008 and entered into between Kong Lung, ZCIL (HK), ZCIL (BVI), our Company, ZIGL and Mr. Liu, pursuant to which, in consideration of Kong Lung transferring 40% of the registered capital of Zhongwang PRC to ZCIL (HK), (1) ZCIL (HK) agreed to issue one share to ZCIL (BVI), (2) ZCIL (BVI) agreed to issue one share to our Company, (3) our Company agreed to issue one share to ZIGL, and (4) ZIGL agreed to issue one share to Mr. Liu;
- (m) a supplemental agreement dated July 12, 2008 relating to the above mentioned transfer of 60% of the registered capital of Zhongwang PRC;
- (n) a deed of warranties dated August 8, 2008 executed by our Company in favor of Olympus Alloy Holdings, L.P.;
- (o) a deed of indemnity dated April 17, 2009 and entered into between Mr. Liu and our Company (for itself and as trustee for its subsidiaries), under which Mr. Liu has given certain indemnities (including those against taxation claims) in favor of our Group;
- (p) a deed of non-competition undertaking dated April 17, 2009 and entered into between Mr. Liu and our Company, under which Mr. Liu has given certain non-competition undertakings to our Company;
- (q) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights of our Group

### (a) Trademarks

(i) As of the Latest Practicable Date, our Group had registered the following trademarks in the PRC:

Name of owner	Trademark	Class	Reg. No.	Goods/services	Validity Period (dd/mm/yy)
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	1466995	鋁型材, 金屬板條 (Aluminum profile, metal lath)	From 28/10/2000 to 27/10/2010
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		17	1556043	合成樹脂(半成品), 防水包裝物 (Synthetic resin (semi- finished product), water- proof packaging)	From 21/4/2001 to 20/4/2011
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		17	1612093	塑料管、板、桿、條 (Plastic pipe、plank、rod、 strip)	From 7/8/2001 to 6/8/2011
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	1458965	鋁型材, 金屬板條 (Aluminum profile, metal lath)	From 14/10/2000 to 13/10/2010
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	1798108	銅型材 (Copper profile)	From 28/6/2002 to 27/6/2012
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		19	1927715	非金屬建築材料; 塑料型材(建築用) (Non-metallic construction materials; plastic profile (construction use))	From 21/11/2004 to 20/11/2014
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		16	4278639	紙; 描圖紙; 衛生紙; 墨水; 印刷出版物; 釘書機; 文件夾; 印台; 鋼筆 (Paper; drawing paper; toilet paper; ink; printed materials; stapler; document folder; stamp pad; steel pen)	From 21/10/2007 to 20/10/2017

Name of owner	Trademark	Class	Reg. No.	Goods/services	Validity Period (dd/mm/yy)
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		19	4278640	木材; 混凝土; 石膏板; 水泥; 磚; 混凝土建築構件; 瀝青; 非金屬門; 建築玻璃; 塗層(建築材料) (Wood; concrete; plaster board; cement; brick; concrete construction components; tarmac; non-metallic door; construction glass; paint layer (building materials))	From 21/10/2007 to 20/10/2017
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		32	4278632	啤酒; 無酒精果汁飲料; 礦泉水; 花生奶 (軟飲料); 可樂; 純淨水(飲料); 豆類飲料; 乳酸飲料 (果製品、非奶); 植物飲料; 飲料香精 (Beer; non-alcoholic fruit beverages; mineral water; peanut milk (soft drinks); cola; purified water (beverages); bean beverages; yogurt beverage products (fruit product, non-dairy); plant beverages; beverage flavorings)	From 28/2/2007 to 27/2/2017
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	872377	鋁合金型材 (Aluminum alloy profile)	From 21/9/1996 to 20/9/2006 extended period: 21/9/2006 to 20/9/2016


Name of owner	Trademark	Class	Reg. No.	Goods/services	Validity Period (dd/mm/yy)
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		2	4278636	染料; 顏料; 食用色素; 飲料色素; 黃油色素; 印刷油墨; 複印機用碳粉; 油漆; 防腐劑; 天然樹脂 (Dye; coloring; food coloring; beverage coloring; butter coloring; printing ink; carbon powder for photocopying machine; paint; preservatives; natural resin)	From 21/10/2007 to 20/10/2017
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		3	4278637	香皂; 洗髮液; 洗滌劑; 去污劑; 地板蠟; 砂紙; 香料; 化妝品; 牙膏; 香 (Soap; shampoo; washing detergents; detergents; floor wax; sand paper; flavoring; cosmetics; tooth paste; incense)	From 21/10/2007 to 20/10/2017
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)		14	4278638	未加工或半加工 貴重金屬; 仿金製品; 鍍金物品; 瑪瑙; 珍珠(珠寶); 金剛石; 人造寶石; 玉雕; 手錶; 語言報時鐘 (Un-processed or semi-processed precious metal; imitation gold products; gold-plated products; agate; pearl (jewelry); diamond; artificial precious stone; jade carvings; watches; language clocks)	From 21/10/2007 to 20/10/2017

(ii) As of the Latest Practicable Date, our Group had registered the following trademarks outside the PRC:


Name of owner	Trademark	Class	Reg. No.	Goods/services	Territory of registration	Expiry date (dd/mm/yy)
遼寧忠旺集團 有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	300251775	鋁金屬建築材料 (Aluminum construction materials)	Hong Kong	19/7/2014
遼寧忠旺集團 有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	300225107	鋁金屬建築材料 (Aluminum construction materials)	Hong Kong	1/6/2014
遼寧忠旺集團 有限公司 (Liaoning Zhongwang Group Co., Ltd.)		6	76774	非貴重金屬和合金, 房屋金屬建築材料, 鐵路線金屬材料, 非電用非貴重金屬線纜, 鐵製品, 鐵屑, 小金屬管, 金屬管, 保險櫃, 其他目錄項目中的 非貴重金屬產品, 金屬和鋁產品的服務 (Non precious metal and alloy, metal construction materials for building, railroad metal materials, non electrical non precious metal wire and cable, iron products, iron filings, small metal pipes, metal pipes, safe box, services in relation to non precious metal products, metal and aluminum products in other items in this class)	United Arab Emirates	17/1/2016



(iii) As of the Latest Practicable Date, our Group had registered the following international trademarks with the World Intellectual Property Organization:

Name of owner	Trademark	Class	International Registration No.	Goods/services	Designations under the Madrid Agreement	Designations under the Madrid Protocol	International Registration Date	Validity Period/Renewal Period
Liaoning Zhongwang Group Co., Ltd.		6	831535	Aluminum profile; metal lath; cooper profile	Austria, France, Germany, Italy, Russian Federation, Spain, Switzerland	Australia, Finland, Ireland, Japan, Republic of Korea, Singapore, Sweden, Turkey, United Kingdom, United States	9/5/2004	10 years from the registration date


(iv) As of the Latest Practicable Date, our Group had applied for registration of the following trademark outside the PRC, the certificate of registration of which had not yet been granted:

Name of applicant	Trademark	Class	Application Number	Goods/services	Territory of application	Date of application
遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Limited)		1	301314666	工業用固態氣體； 城；酒精；鈾； 未加工塑膠； 未加工合成樹脂； 合成樹脂塑膠； 塑膠分散劑； 殺菌化學添加劑； 生物化學催化劑 (solid-state industrial gases; alkaline; alcohol; uranium; raw plastics; raw synthetic resins; synthetic resins and plastics; plastic dispersing agent; sterilization chemical addictive; biochemistry catalyst)	Hong Kong	30/03/2009
		6		鋁；鋁型材；鋁塑板； 金屬板條；金屬管； 金屬柵欄； 金屬門；牆用金屬 包層（建築）； 金屬窗；窗用金屬 附件 (Aluminum; aluminum profile; aluminum plank; metallic lath; metallic pipe; metal grill; metal door; metal clad for walls (constructions); metal window; metal parts for windows)		

Name of applicant	Trademark	Class	Application Number	Goods/services	Territory of application	Date of application
		17		合成橡膠；密封物； 非紡織用彈性線； 半加工塑膠物質； 塑膠管；塑膠板； 非金屬軟管； 絕緣塗料；橡膠或 塑膠製（填充或 襯墊用）包裝材料 (Synthetic rubber; sealed item; non-textile use elastic yarns; semi- processed plastic substances; plastic pipe; plastic plank; non-metallic hose; insulating material; insulating coating; packaging materials made of rubber or plastic (packing or lining purpose))		
		19		樹脂複合板； 鎂鋁曲板；非金屬 地磚；防水卷材； 非金屬建築材料； 塑鋼門窗；建築用 塑膠板；非金屬鑄 模；非金屬建築物 (Resin composite plank; aluminum and magnesium panels; non-metallic floor tiles; waterproof coiled material; non-metallic construction materials; plastic steel doors and windows; construction use plastic plank; non- metallic mold; non- metallic construction item)		
		22		包裝繩；裝卸用 非金屬帶；塑膠 打包帶；遮蓬； 包裝用紡織品袋 (包)；尼龍編織袋 (仿麻袋)；編織袋； 集裝袋；填料； 紡織品纖維 (Packaging rope; non- metallic belt for loading and unloading use; plastic packing belt; canopy; woven bags for packaging (bag); nylon bags (dimity bag); woven bags; container; filling; textile fibers)		

Name of applicant	Trademark	Class	Application Number	Goods/services	Territory of application	Date of application
		25		服裝；工作服； 針織服裝；內衣； 嬰兒全套衣； 足球鞋；鞋；帽； 襪；領帶 (Clothes; work clothes; knit wear; underwear; infant outfit; football runners; shoes; hats; socks; tie)		
		43		住所(旅館、供膳 寄宿處)；備辦宴席； 飯店；餐廳；酒吧； 茶館；咖啡館； 會議室出租； 養老院；日間托兒所 (看孩子) (residence (hostel, boarding place); preparing and holding banquet; hotel; restaurant; bar; tea shop; café; conference room for rent; elderly home; pre-school (child care))		

(v) As of the Latest Practicable Date, our Group had applied for registration of the following trademark in the PRC, the certificate of registration of which had not yet been granted:

Name of applicant	Trademark	Class	Application Number	Goods/services	Territory of application	Date of application
遼寧忠旺集團 有限公司 (Liaoning Zhongwang Group Co., Limited)		6	7282702	鋁；鋁塑板； 金屬板條；金屬管； 金屬柵欄；金屬門； 牆用金屬包層(建築)； 金屬建築材料； 金屬窗；普通金屬線； 鋁合金滑車； 普通金屬扣 (五金器具)； 窗用金屬附件； 五金器具； 金屬陳列架； 金屬容器； 金屬標誌牌 (Aluminum; aluminum plank; metal lath; metal pipe; metal grill; metal door; metal clad for walls (constructions); metal construction materials; metal window; general metal wires; aluminum alloy pulley; general metal buckle (ironware), metal accessories for windows; ironware; metal display rack; metal container; metal signboard)	PRC	26/03/2009

Name of applicant	Trademark	Class	Application Number	Goods/services	Territory of application	Date of application
		17	7282776	合成橡膠；密封物； 非紡織用彈性線； 半加工塑料物質； 塑料管；塑料板； 非金屬軟管； 絕緣材料； 絕緣塗料；橡膠或 塑料製（填充或 襯墊用）包裝材料 (Synthetic rubber; sealed item; non textile use elastic yarns; semi- processed plastic substances; plastic pipe; plastic plank; non-metal hose; insulating material; insulating coating; packaging materials made of rubber or plastic (packing or lining purpose))		
		19	7282812	樹脂複合板； 鎂鋁曲板；水泥； 非金屬地磚； 防水卷材； 非金屬建築材料； 塑鋼門窗；建築用 塑料板；非金屬鑄 模；非金屬建築物； 塗層（建築材料） (Resin composite plank; aluminum and magnesium panels; cement; non-metal floor tiles; waterproof coiled material; non- metal construction materials; plastic steel doors and windows; construction use plastic plank; non-metal mold; non-metal construction item; paint layer (building materials))		
		22	7282831	包裝繩；裝卸用 非金屬帶；塑料 打包帶；遮篷； 包裝用紡織品袋 （包）；尼龍編織袋 （仿麻袋）；編織袋； 集裝袋；填料； 紡織品纖維 (Packaging rope; non- metal belt for loading and unloading use; plastic packing belt; canopy; woven bags for packaging (bag); nylon bags (dimity bag); woven bags; container; filling; textile fibers)		

Name of applicant	Trademark	Class	Application Number	Goods/services	Territory of application	Date of application
		40	7282998	打磨；金屬處理； 紡織品精細加工； 木器制作； 服裝制作； 飼料加工；水淨化； 空氣淨化；廢物 處理(變形)； 化學試劑加工和處理 (Polish; metal handling; fine processing of textile; wood manufacturing; garment manufacturing; feed processing; water purifying; air purifying; wastes handling (deformed); chemical reagent processing and handling)		

**(b) Patents**

(i) As of the Latest Practicable Date, our Group had registered the following patents:

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	隔熱鋁型材 (1) (Heat insulated profile (1))	17/3/2005	17/3/2015	PRC	ZL 200530096702.6
Layout Design . . . .	鋁型材(隔熱2) (Aluminum profile (heat insulation 2))	17/3/2005	17/3/2015	PRC	ZL 200530096703.0
Layout Design . . . .	鋁型材(隔熱3) (Aluminum profile (heat insulation 3))	17/3/2005	17/3/2015	PRC	ZL 200530096704.5
Layout Design . . . .	型材 (ZW8681-013A) (Profile (ZW8681-013A))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124643.9
Layout Design . . . .	型材 (GR60N-01) (Profile (GR60N-01))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121821.2
Layout Design . . . .	型材 (ZW8501-02E) (Profile (ZW8501-02E))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121814.2
Layout Design . . . .	型材 (TC-8001) (Profile (TC-8001))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124660.2
Layout Design . . . .	型材 (TC-8002) (Profile (TC-8002))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124659.X

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	型材 (GR60N-03) (Profile (GR60N-03))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121825.0
Layout Design . . . .	型材 (GR60N-02) (Profile (GR60N-02))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121822.7
Layout Design . . . .	型材 (GR60W-03M) (Profile (GR60W-03M))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121831.6
Layout Design . . . .	型材 (GR60W-04) (Profile (GR60W-04))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121830.1
Layout Design . . . .	型材 (ZW8502-02) (Profile (ZW8502-02))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121820.8
Layout Design . . . .	型材 (ZW8502-03) (Profile (ZW8502-03))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121815.7
Layout Design . . . .	型材 (ZW8501-05) (Profile (ZW8501-05))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121810.4
Layout Design . . . .	型材 (ZW8501-06) (Profile (ZW8501-06))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121811.9
Layout Design . . . .	型材 (ZW8501-07) (Profile (ZW8501-07))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121812.3
Layout Design . . . .	型材 (TC-8002D) (Profile (TC-8002D))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124652.8
Layout Design . . . .	型材 (TC-8002E) (Profile (TC-8002E))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124651.3
Layout Design . . . .	型材 (TC-8003) (Profile (TC-8003))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124658.5
Layout Design . . . .	型材 (TC-8004) (Profile (TC-8004))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124657.0
Layout Design . . . .	型材 (TC-8005) (Profile (TC-8005))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124656.6
Layout Design . . . .	型材 (TC-8006) (Profile (TC-8006))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124655.1

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	型材(TC-8007A) (Profile (TC-8007A))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124654.7
Layout Design . . . .	型材(TC-8007B) (Profile (TC-8007B))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124653.2
Layout Design . . . .	型材(TC-8008) (Profile (TC-8008))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124650.9
Layout Design . . . .	型材(TC-8009B) (Profile (TC-8009B))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124648.1
Layout Design . . . .	型材(TC-8009A) (Profile (TC-8009A))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124649.6
Layout Design . . . .	型材(TC-8010) (Profile (TC-8010))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124647.7
Layout Design . . . .	型材(TC-8011) (Profile (TC-8011))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124646.2
Layout Design . . . .	型材(ZW8681-002F) (Profile (ZW8681-002F))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124644.3
Layout Design . . . .	型材(ZW8681-002A) (Profile (ZW8681-002A))	5/9/2005	5/9/2015	PRC	ZL 2005 3 0124645.8
Layout Design . . . .	型材(GR60N-03A) (Profile (GR60N-03A))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121826.5
Layout Design . . . .	型材(ZW8501-01) (Profile (ZW8501-01))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121806.8
Layout Design . . . .	型材(ZW8502-04) (Profile (ZW8502-04))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121816.1
Layout Design . . . .	型材(GR60W-05) (Profile (GR60W-05))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121832.0
Layout Design . . . .	型材(ZW8501-02) (Profile (ZW8501-02))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121807.2
Layout Design . . . .	型材(ZW8501-02C) (Profile (ZW8501-02C))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121817.6

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	型材 (GR60N-04) (Profile (GR60N-04))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121827.X
Layout Design . . . .	型材 (GR60N-05) (Profile (GR60N-05))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121828.4
Layout Design . . . .	型材 (ZW8501-02D) (Profile (ZW8501-02D))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121818.0
Layout Design . . . .	型材 (ZW8501-03) (Profile (ZW8501-03))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121808.7
Layout Design . . . .	型材 (GR60W-14) (Profile (GR60W-14))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121833.5
Layout Design . . . .	型材 (GR60N-02A) (Profile (GR60N-02A))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121823.1
Layout Design . . . .	型材 (ZW8503-02) (Profile (ZW8503-02))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121813.8
Layout Design . . . .	型材 (ZW8501-04) (Profile (ZW8501-04))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121809.1
Layout Design . . . .	型材 (ZW8502-01) (Profile (ZW8502-01))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121819.5
Layout Design . . . .	型材 (GR60W-03) (Profile (GR60W-03))	8/9/2005	8/9/2015	PRC	ZL 2005 3 0121829.9
Layout Design . . . .	型材 (ZW801F-01A) (Profile (ZW801F-01A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006975.1
Layout Design . . . .	型材 (ZW9681-02A) (Profile (ZW9681-02A))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007553.6
Layout Design . . . .	型材 (ZW76G-02) (Profile (ZW76G-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006987.4
Layout Design . . . .	組合型材 (ZW66-02) (Combination profile (ZW66-02))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008910.0
Layout Design . . . .	型材 (WH50-05) (Profile (WH50-05))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006938.0



Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	型材(BT50-01) (Profile (BT50-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006961.X
Layout Design . . . .	型材(SX801-01A) (Profile (SX801-01A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006946.5
Layout Design . . . .	型材(SH901-01) (Profile (SH901-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006952.0
Layout Design . . . .	型材(TC50M-03) (Profile (TC50M-03))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006939.5
Layout Design . . . .	型材(CCP_ZW003) (Profile (CCP_ZW003))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007589.4
Layout Design . . . .	型材(F8281-001) (Profile (F8281-001))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006954.X
Layout Design . . . .	型材(7603X) (Profile (7603X))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006964.3
Layout Design . . . .	型材(ZW758-02) (Profile (ZW758-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006967.7
Layout Design . . . .	型材(ZW80PK-07) (Profile (ZW80PK-07))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006981.7
Layout Design . . . .	型材(ZW66-04) (Profile (ZW66-04))	29/3/2006	29/3/2016	PRC	ZL 2006 3 0008569.9
Layout Design . . . .	組合型材(ZW52M-06) (Combination profile (ZW52M-06))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008907.9
Layout Design . . . .	型材(ZW52M-08) (Profile (ZW52M-08))	29/3/2006	29/3/2016	PRC	ZL 2006 3 0008567.X
Layout Design . . . .	組合型材(ZW58M-02) (Combination profile (ZW58M-02))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008904.5
Layout Design . . . .	組合型材(ZW58M-03) (Combination profile (ZW58M-03))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008905.X

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	組合型材(ZW58M-06) (Combination profile (ZW58M-06))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0004397.8
Layout Design . . . .	組合型材(ZW58M-07) (Combination profile (ZW58M-07))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0004400.6
Layout Design . . . .	型材(ZW58M-08) (Profile (ZW58M-08))	29/3/2006	29/3/2016	PRC	ZL 2006 3 0008566.5
Layout Design . . . .	型材(WH50-06) (Profile (WH50-06))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006966.2
Layout Design . . . .	型材(BT50-03) (Profile (BT50-03))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006959.2
Layout Design . . . .	型材(BT50-07) (Profile (BT50-07))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006958.8
Layout Design . . . .	型材(BT6001) (Profile (BT6001))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006957.3
Layout Design . . . .	型材(BT6002) (Profile (BT6002))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006956.9
Layout Design . . . .	型材(BT6003) (Profile (BT6003))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006955.4
Layout Design . . . .	型材(SX801-02) (Profile (SX801-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006945.0
Layout Design . . . .	型材(SX801-06A) (Profile (SX801-06A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006944.6
Layout Design . . . .	型材(SX802-04) (Profile (SX802-04))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006943.1
Layout Design . . . .	型材(SX803-01) (Profile (SX803-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006942.7
Layout Design . . . .	型材(SH901-02) (Profile (SH901-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006951.6
Layout Design . . . .	型材(SH901-04) (Profile (SH901-04))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006949.9

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	型材(SH901-05) (Profile (SH901-05))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006948.4
Layout Design . . . .	型材(SH901-06) (Profile (SH901-06))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006947.X
Layout Design . . . .	型材(TC50M-01) (Profile (TC50M-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006941.2
Layout Design . . . .	型材(CCP_ZW001) (Profile (CCP_ZW001))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007591.1
Layout Design . . . .	型材(CCP_ZW002) (Profile (CCP_ZW002))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007590.7
Layout Design . . . .	型材(CCP_ZW004) (Profile (CCP_ZW004))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007588.X
Layout Design . . . .	型材(CCP_ZW005) (Profile (CCP_ZW005))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007587.5
Layout Design . . . .	型材(CCP_ZW006) (Profile (CCP_ZW006))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007586.0
Layout Design . . . .	型材(CCP_ZW007) (Profile (CCP_ZW007))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007585.6
Layout Design . . . .	型材(CCP_ZW008) (Profile (CCP_ZW008))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007584.1
Layout Design . . . .	型材(CCP_ZW009(rev)) (Profile (CCP_ZW009(rev)))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007583.7
Layout Design . . . .	型材(CCP_ZW010) (Profile (CCP_ZW010))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007582.2
Layout Design . . . .	型材(CCP_ZW011) (Profile (CCP_ZW011))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007581.8
Layout Design . . . .	型材(CCP_ZW013) (Profile (CCP_ZW013))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007580.3
Layout Design . . . .	型材(CCP_ZW015) (Profile (CCP_ZW015))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007578.6

Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	型材(CCP_ZW016) (Profile (CCP_ZW016))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007577.1
Layout Design . . . .	型材(CCP_ZW017) (Profile (CCP_ZW017))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007576.7
Layout Design . . . .	型材(CCP_ZW018) (Profile (CCP_ZW018))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007575.2
Layout Design . . . .	型材(CCP_ZW019) (Profile (CCP_ZW019))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007574.8
Layout Design . . . .	型材(CCP_ZW020) (Profile (CCP_ZW020))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007573.3
Layout Design . . . .	型材(CCP_ZW021) (Profile (CCP_ZW021))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007572.9
Layout Design . . . .	型材(CCP_ZW022) (Profile (CCP_ZW022))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007571.4
Layout Design . . . .	型材(CCP_ZW023) (Profile (CCP_ZW023))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007570.X
Layout Design . . . .	型材(CCP_ZW024) (Profile (CCP_ZW024))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007569.7
Layout Design . . . .	型材(CCP_ZW025) (Profile (CCP_ZW025))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007568.2
Layout Design . . . .	型材(CCP_ZW026) (Profile (CCP_ZW026))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007567.8
Layout Design . . . .	型材(F8281-002) (Profile (F8281-002))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006953.5
Layout Design . . . .	型材(7606X-1) (Profile (7606X-1))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006963.9
Layout Design . . . .	型材(7607X) (Profile (7607X))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006962.4
Layout Design . . . .	型材(ZW50E-02A) (Profile (ZW50E-02A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006992.5

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Layout Design . . . .	型材(ZW50E-03D) (Profile (ZW50E-03D))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006991.0
Layout Design . . . .	型材(ZW50-01) (Profile (ZW50-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0007002.X
Layout Design . . . .	型材(ZW50-01A) (Profile (ZW50-01A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0007001.5
Layout Design . . . .	型材(ZW50-03A) (Profile (ZW50-03A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006999.7
Layout Design . . . .	型材(ZW50-03B) (Profile (ZW50-03B))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006998.2
Layout Design . . . .	型材(ZW50A-03A) (Profile (ZW50A-03A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006997.8
Layout Design . . . .	型材(ZW50A-04B) (Profile (ZW50A-04B))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006996.3
Layout Design . . . .	型材(ZW50A-06) (Profile (ZW50A-06))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006995.9
Layout Design . . . .	型材(ZW50A-12) (Profile (ZW50A-12))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006994.4
Layout Design . . . .	型材(ZW50B-02) (Profile (ZW50B-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006993.X
Layout Design . . . .	組合型材(ZW65-01) (Combination profile (ZW65-01))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008901.1
Layout Design . . . .	組合型材(ZW65-01B) (Combination profile (ZW65-01B))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008909.8
Layout Design . . . .	組合型材(ZW65-03) (Combination profile (ZW65-03))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0009100.7
Layout Design . . . .	組合型材(ZW65-03B) (Combination profile (ZW65-03B))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0015301.8

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Layout Design . . . .	型材 (ZW8301-003) (Profile (ZW8301-003))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007558.9
Layout Design . . . .	型材 (ZW7571-002) (Profile (ZW7571-002))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007559.3
Layout Design . . . .	型材 (ZW90M-02) (Profile (ZW90M-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006969.6
Layout Design . . . .	型材 (ZW721-02) (Profile (ZW721-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006968.1
Layout Design . . . .	型材 (ZW76K-08) (Profile (ZW76K-08))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006983.6
Layout Design . . . .	型材 (ZW70G-05) (Profile (ZW70G-05))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006985.5
Layout Design . . . .	型材 (ZW81-02) (Profile (ZW81-02))	29/3/2006	29/3/2016	PRC	ZL 2006 3 0008568.4
Layout Design . . . .	型材 (ZW81-03A) (Profile (ZW81-03A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006979.X
Layout Design . . . .	型材 (ZW81-04) (Profile (ZW81-04))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006978.5
Layout Design . . . .	型材 (ZW81-08) (Profile (ZW81-08))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006977.0
Layout Design . . . .	型材 (ZW80PK-01) (Profile (ZW80PK-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006982.1
Layout Design . . . .	型材 (ZW801K-01) (Profile (ZW801K-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006972.8
Layout Design . . . .	型材 (ZW801K-04) (Profile (ZW801K-04))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006971.3
Layout Design . . . .	型材 (ZW802K-02) (Profile (ZW802K-02))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007565.9
Layout Design . . . .	型材 (758G-02) (Profile (758G-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006965.8

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Layout Design . . . .	型材 (ZW8802-01) (Profile (ZW8802-01))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007554.0
Layout Design . . . .	型材 (ZW8801-03) (Profile (ZW8801-03))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007624.2
Layout Design . . . .	型材 (ZW803-04A) (Profile (ZW803-04A))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007563.X
Layout Design . . . .	型材 (ZW8303-001) (Profile (ZW8303-001))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007557.4
Layout Design . . . .	型材 (ZW9682-01A) (Profile (ZW9682-01A))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007552.1
Layout Design . . . .	型材 (ZW9682-01B) (Profile (ZW9682-01B))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007550.2
Layout Design . . . .	型材 (ZW76G-01) (Profile (ZW76G-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006988.9
Layout Design . . . .	型材 (ZW76G-03) (Profile (ZW76G-03))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006986.X
Layout Design . . . .	型材 (ZW76G-06) (Profile (ZW76G-06))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006984.0
Layout Design . . . .	型材 (ZW861K-03) (Profile (ZW861K-03))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007561.0
Layout Design . . . .	型材 (ZW861K-02) (Profile (ZW861K-02))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007562.5
Layout Design . . . .	型材 (ZW862K-01) (Profile (ZW862K-01))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007560.6
Layout Design . . . .	型材 (ZW801F-04) (Profile (ZW801F-04))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006973.2
Layout Design . . . .	型材 (ZW802-02AZ) (Profile (ZW802-02AZ))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007564.4
Layout Design . . . .	型材 (ZW802F-01) (Profile (ZW802F-01))	14/3/2006	14/3/2016	PRC	ZL 2006 3 0007566.3

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Layout Design . . . .	型材(ZW801F-01) (Profile (ZW801F-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006976.6
Layout Design . . . .	型材(ZW801F-02) (Profile (ZW801F-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006974.7
Layout Design . . . .	型材(ZW50E-12) (Profile (ZW50E-12))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006989.3
Layout Design . . . .	組合型材(ZW52M-05) (Combination profile (ZW52M-05))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008906.4
Layout Design . . . .	組合型材(ZW66-03) (Combination profile (ZW66-03))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008911.5
Layout Design . . . .	組合型材(ZW58M-04) (Combination profile (ZW58M-04))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008903.0
Layout Design . . . .	組合型材(ZW52M-02) (Combination profile (ZW52M-02))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0004399.7
Layout Design . . . .	組合型材(ZW65-02B) (Combination profile (ZW65-02B))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0009099.8
Layout Design . . . .	組合型材(ZW52M-03) (Combination profile (ZW52M-03))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0004398.2
Layout Design . . . .	組合型材(ZW66-01) (Combination profile (ZW66-01))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008908.3
Layout Design . . . .	組合型材(ZW52M-04) (Combination profile (ZW52M-04))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0015302.2
Layout Design . . . .	組合型材(ZW65-02) (Combination profile (ZW65-02))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008912.X



Type of patent	Patent description	Date of application	Date of expiry	Territory of registration	Patent number
Layout Design . . . .	組合型材(ZW58M-01) (Combination profile (ZW58M-01))	5/4/2006	5/4/2016	PRC	ZL 2006 3 0008902.6
Layout Design . . . .	型材(TC50M-02) (Profile (TC50M-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006940.8
Layout Design . . . .	型材(SH901-03) (Profile (SH901-03))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006950.1
Layout Design . . . .	型材(BT50-02) (Profile (BT50-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006960.5
Layout Design . . . .	型材(ZW801N-02) (Profile (ZW801N-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006970.9
Layout Design . . . .	型材(ZW81-01) (Profile (ZW81-01))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006980.2
Layout Design . . . .	型材(ZW50E-13A) (Profile (ZW50E-13A))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0006990.6
Layout Design . . . .	型材(ZW50-02) (Profile (ZW50-02))	20/3/2006	20/3/2016	PRC	ZL 2006 3 0007000.0

(ii) As of the Latest Practicable Date, the Group had the following patents pending registration (including those which were in the process of being assigned to our Group):

Type of patent	Patent description	Date of application	Territory of registration	Application number
Layout Design . . . . .	型材(DLA60-03) (Profile (DLA60-03))	6/12/2007	PRC	200730013187.X
Layout Design . . . . .	型材(HFGR72-01) (Profile (HFGR72-01))	6/12/2007	PRC	200730013188.4
Layout Design . . . . .	型材(HFGR72-03) (Profile (HFGR72-03))	6/12/2007	PRC	200730013189.9
Layout Design . . . . .	型材(ZWLS65N-01) (Profile (ZWLS65N-01))	6/12/2007	PRC	200730013190.1
Layout Design . . . . .	型材(ZWLS65N-02) (Profile (ZWLS65N-02))	6/12/2007	PRC	200730013191.6
Layout Design . . . . .	型材(ZWLS65N-03) (Profile (ZWLS65N-03))	6/12/2007	PRC	200730013192.0
Layout Design . . . . .	型材(TJJL-T001) (Profile (TJJL-T001))	6/12/2007	PRC	200730013193.5
Layout Design . . . . .	型材(TJJL-T002) (Profile (TJJL-T002))	6/12/2007	PRC	200730013194.X
Layout Design . . . . .	型材(TJJL-T003) (Profile (TJJL-T003))	6/12/2007	PRC	200730013195.4
Layout Design . . . . .	型材(TJJL-T004) (Profile (TJJL-T004))	6/12/2007	PRC	200730013197.3
Layout Design . . . . .	型材(TJJL-T005) (Profile (TJJL-T005))	6/12/2007	PRC	200730013196.9
Layout Design . . . . .	型材(TJJL-T006) (Profile (TJJL-T006))	6/12/2007	PRC	200730013198.8
Layout Design . . . . .	型材(TJJL-T007) (Profile (TJJL-T007))	6/12/2007	PRC	200730013199.2
Layout Design . . . . .	型材(TJJL-T008) (Profile (TJJL-T008))	6/12/2007	PRC	200730013200.1

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Layout Design . . . . .	型材(TJJL-T009) (Profile (TJJL-T009))	6/12/2007	PRC	200730013201.6
Layout Design . . . . .	型材(FLGR5801) (Profile (FLGR5801))	6/12/2007	PRC	200730013202.0
Layout Design . . . . .	型材(FLGR5802) (Profile (FLGR5802))	6/12/2007	PRC	200730013203.5
Layout Design . . . . .	型材(FLGR5803) (Profile (FLGR5803))	6/12/2007	PRC	200730013204.X
Layout Design . . . . .	型材(FLGR58-05) (Profile (FLGR58-05))	6/12/2007	PRC	200730013205.4
Layout Design . . . . .	型材(FLGR5808) (Profile (FLGR5808))	6/12/2007	PRC	200730013206.9
Layout Design . . . . .	型材(FLGR5809) (Profile (FLGR5809))	6/12/2007	PRC	200730013207.3
Layout Design . . . . .	型材(FLGR5810) (Profile (FLGR5810))	6/12/2007	PRC	200730013208.8
Layout Design . . . . .	型材(FLGR5811) (Profile (FLGR5811))	6/12/2007	PRC	200730013209.2
Layout Design . . . . .	型材(FLGR5812) (Profile (FLGR5812))	6/12/2007	PRC	200730013210.5
Layout Design . . . . .	型材(FLGR5813) (Profile (FLGR5813))	6/12/2007	PRC	200730013211.X
Layout Design . . . . .	型材(HR60-01) (Profile (HR60-01))	6/12/2007	PRC	200730013212.4
Layout Design . . . . .	型材(HR60-02) (Profile (HR60-02))	6/12/2007	PRC	200730013213.9
Layout Design . . . . .	型材(HR60-03) (Profile (HR60-03))	6/12/2007	PRC	200730013214.3
Layout Design . . . . .	型材(HR60-02A) (Profile (HR60-02A))	6/12/2007	PRC	200730013215.8

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Layout Design . . . . .	型材(HFGR72-02A) (Profile (HFGR72-02A))	6/12/2007	PRC	200730013220.9
Layout Design . . . . .	型材(HR68-01) (Profile (HR68-01))	6/12/2007	PRC	200730013216.2
Layout Design . . . . .	型材(DLA60-01) (Profile (DLA60-01))	6/12/2007	PRC	200730013185.0
Layout Design . . . . .	型材(DLA60-03M) (Profile (DLA60-03M))	6/12/2007	PRC	200730013184.6
Layout Design . . . . .	型材(DLA60-02) (Profile (DLA60-02))	6/12/2007	PRC	200730013186.5
Layout Design . . . . .	型材(HFGR72-02) (Profile (HFGR72-02))	6/12/2007	PRC	200730013219.6
Layout Design . . . . .	型材(HR68-07) (Profile (HR68-07))	6/12/2007	PRC	200730013218.1
Layout Design . . . . .	型材(HR68-02) (Profile (HR68-02))	6/12/2007	PRC	200730013217.7
Layout Design . . . . .	組合型材(DL63-02) (Combination profile (DL63-02))	9/12/2008	PRC	200830257140.2
Layout Design . . . . .	組合型材(FLGR58-05) (Combination profile (FLGR58-05))	9/12/2008	PRC	200830257139.X
Layout Design . . . . .	組合型材(FLGR5801) (Combination profile (FLGR5801))	9/12/2008	PRC	200830257138.5
Layout Design . . . . .	組合型材(DLA60-03M) (Combination profile (DLA60-03M))	9/12/2008	PRC	200830257137.0
Layout Design . . . . .	組合型材(DLA60-01) (Combination profile (DLA60-01))	9/12/2008	PRC	200830257136.6

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Layout Design . . . . .	組合型材(DLA60-02) (Combination profile (DLA60-02))	9/12/2008	PRC	200830257135.1
Layout Design . . . . .	型材(DLA60-03) (Profile (DLA60-03))	9/12/2008	PRC	200830257134.7
Layout Design . . . . .	型材(YD45-01) (Profile (YD45-01))	9/12/2008	PRC	200830257133.2
Layout Design . . . . .	型材(YD45-02) (Profile (YD45-02))	9/12/2008	PRC	200830257132.8
Layout Design . . . . .	型材(YD45-03) (Profile (YD45-03))	9/12/2008	PRC	200830257131.3
Layout Design . . . . .	型材(TJL-T001) (Profile (TJL-T001))	9/12/2008	PRC	200830257130.9
Layout Design . . . . .	型材(TJL-T002) (Profile (TJL-T002))	9/12/2008	PRC	200830257129.6
Layout Design . . . . .	組合型材(ZW60N-03) (Combination profile (ZW60N-03))	9/12/2008	PRC	200830257114.X
Layout Design . . . . .	組合型材(ZW60N-02) (Combination profile (ZW60N-02))	9/12/2008	PRC	200830257113.5
Layout Design . . . . .	組合型材(FLGR5813) (Combination profile (FLGR5813))	9/12/2008	PRC	200830257112.0
Layout Design . . . . .	組合型材(HFGR72-01) (Combination profile (HFGR72-01))	9/12/2008	PRC	200830257111.6
Layout Design . . . . .	組合型材(HFGR72-03) (Combination profile (HFGR72-03))	9/12/2008	PRC	200830257110.1
Layout Design . . . . .	組合型材(HR60-02) (Combination profile (HR60-02))	9/12/2008	PRC	200830257109.9

Type of patent	Patent description	Date of application	Territory of registration	Application number
Layout Design . . . . .	組合型材(HR60L-03) (Combination profile (HR60L-03))	9/12/2008	PRC	200830257108.4
Layout Design . . . . .	組合型材(HR68-02) (Combination profile (HR68-02))	9/12/2008	PRC	200830257107.X
Layout Design . . . . .	組合型材(HR60L-05) (Combination profile (HR60L-05))	9/12/2008	PRC	200830257106.5
Layout Design . . . . .	組合型材(HR60L-01) (Combination profile (HR60L-01))	9/12/2008	PRC	200830257105.0
Layout Design . . . . .	組合型材(LS66-02) (Combination profile (LS66-02))	9/12/2008	PRC	200830257104.6
Layout Design . . . . .	組合型材(ZW60N-01) (Combination profile (ZW60N-01))	9/12/2008	PRC	200830257103.1
Layout Design . . . . .	組合型材(FLGR5812) (Combination profile (FLGR5812))	9/12/2008	PRC	200830257102.7
Layout Design . . . . .	組合型材(FLGR5811) (Combination profile (FLGR5811))	9/12/2008	PRC	200830257101.2
Layout Design . . . . .	組合型材(FLGR5810) (Combination profile (FLGR5810))	9/12/2008	PRC	200830257100.8
Layout Design . . . . .	組合型材(FLGR5809) (Combination profile (FLGR5809))	9/12/2008	PRC	200830257099.9
Layout Design . . . . .	組合型材(FLGR5808) (Combination profile (FLGR5808))	9/12/2008	PRC	200830257098.4

Type of patent	Patent description	Date of application	Territory of registration	Application number
Layout Design . . . . .	組合型材 (FLGR5803) (Combination profile (FLGR5803))	9/12/2008	PRC	200830257097.X
Layout Design . . . . .	組合型材 (FLGR5802) (Combination profile (FLGR5802))	9/12/2008	PRC	200830257096.5
Layout Design . . . . .	組合型材 (DL63-03) (Combination profile (DL63-03))	9/12/2008	PRC	200830257095.0
Layout Design . . . . .	組合型材 (ZW63N-01) (Combination profile (ZW63N-01))	9/12/2008	PRC	200830257094.6
Layout Design . . . . .	組合型材 (ZW63N-01B) (Combination profile (ZW63N-01B))	9/12/2008	PRC	200830257093.1
Layout Design . . . . .	組合型材 (ZWLS65N-01) (Combination profile (ZWLS65N-01))	9/12/2008	PRC	200830257092.7
Layout Design . . . . .	組合型材 (ZWLS65N-02) (Combination profile (ZWLS65N-02))	9/12/2008	PRC	200830257091.2
Layout Design . . . . .	組合型材 (ZWLS65N-03) (Combination profile (ZWLS65N-03))	9/12/2008	PRC	200830257090.8
Layout Design . . . . .	組合型材 (HR60-03A) (Combination profile (HR60-03A))	9/12/2008	PRC	200830257089.5
Layout Design . . . . .	組合型材 (HR60-01A) (Combination profile (HR60-01A))	9/12/2008	PRC	200830257088.0
Layout Design . . . . .	組合型材 (HFGR72-02) (Combination profile (HFGR72-02))	9/12/2008	PRC	200830257087.6

Type of patent	Patent description	Date of application	Territory of registration	Application number
Layout Design . . . . .	組合型材(ZW63N-02) (Combination profile (ZW63N-02))	9/12/2008	PRC	200830257086.1
Layout Design . . . . .	組合型材(ZW63N-03) (Combination profile (ZW63N-03))	9/12/2008	PRC	200830257085.7
Layout Design . . . . .	組合型材(HS63N-03W) (Combination profile (HS63N-03W))	9/12/2008	PRC	200830257084.2
Layout Design . . . . .	型材(TJL-T003) (Profile (TJL-T003))	9/12/2008	PRC	200830257128.1
Layout Design . . . . .	型材(TJL-T004) (Profile (TJL-T004))	9/12/2008	PRC	200830257127.7
Layout Design . . . . .	型材(TJL-T005) (Profile (TJL-T005))	9/12/2008	PRC	200830257126.2
Layout Design . . . . .	型材(TJL-T006) (Profile (TJL-T006))	9/12/2008	PRC	200830257125.8
Layout Design . . . . .	型材(TJL-T007) (Profile (TJL-T007))	9/12/2008	PRC	200830257124.3
Layout Design . . . . .	型材(TJL-T008) (Profile (TJL-T008))	9/12/2008	PRC	200830257123.9
Layout Design . . . . .	型材(TJL-T009) (Profile (TJL-T009))	9/12/2008	PRC	200830257122.4
Layout Design . . . . .	組合型材(DL63-01) (Combination profile (DL63-01))	9/12/2008	PRC	200830257121.X
Layout Design . . . . .	組合型材(DL63-01A) (Combination profile (DL63-01A))	9/12/2008	PRC	200830257120.5
Layout Design . . . . .	組合型材(HR60L-02) (Combination profile (HR60L-02))	9/12/2008	PRC	200830257119.2



Type of patent	Patent description	Date of application	Territory of registration	Application number
Layout Design . . . . .	組合型材(HR68-03) (Combination profile (HR68-03))	9/12/2008	PRC	200830257118.8
Layout Design . . . . .	組合型材(HR68-01) (Combination profile (HR68-01))	9/12/2008	PRC	200830257117.3
Layout Design . . . . .	組合型材(LS66-01) (Combination profile (LS66-01))	9/12/2008	PRC	200830257116.9
Layout Design . . . . .	組合型材(LS66-03) (Combination profile (LS66-03))	9/12/2008	PRC	200830257115.4

**(c) Domain name**

As of the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Registered owner	Expiry date
lnzhongwang.com . . . . .	遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)	November 2, 2015
zhongwang.com . . . . .	遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd.)	November 19, 2018
zhongwang.net . . . . .	遼寧忠旺集團有限公司 (Liaoning Zhongwang Group Co., Ltd)	January 10, 2019

## C. DISCLOSURE OF INTERESTS

## 1. Interests and short position of Directors and the chief executive in the shares, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Global Offering (assuming the Over-allotment Option will not be exercised), based on the information available on the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of our Company in our Shares, underlying shares and debentures of our Company and its 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:

## (a) Long positions in our Shares

Name of Director	Capacity/ Nature of interest	Total number of Shares	Approximate percentage of shareholding interest (%)
Mr. Liu . . . . .	Interest of controlled corporation/ Long position <sup>(1) and (2)</sup>	4,000,000,000	74.1
Lu Changqing . . . . .	Beneficial owner/ Long position <sup>(3)</sup>	2,200,000	0.04
Chen Yan . . . . .	Beneficial owner/ Long position <sup>(3)</sup>	2,200,000	0.04
Zhong Hong . . . . .	Beneficial owner/ Long position <sup>(3)</sup>	2,200,000	0.04
Gou Xihui . . . . .	Beneficial owner/ Long position <sup>(3)</sup>	1,700,000	0.03

Notes:

- (1) ZIGL is the legal and beneficial owner of these Shares (subject to note 2 below). The entire issued share capital of ZIGL is legally and beneficially owned by Mr. Liu.
- (2) In connection with the Olympus Exchangeable Notes, under a deed of charge granted by ZIGL for the benefit of Olympus Alloy, assuming that the Offer Price will be fixed at HK\$7.80 (being the middle of the indicative Offer Price range), ZIGL would charge 125,000,000 existing Shares under such share charge for the benefit of Olympus Alloy.
- (3) This is an interest in Pre-IPO Share Options.

**(b) Short position in our Shares**

<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Total number of Shares</b>	<b>Approximate percentage of shareholding interest (%)</b>
Mr. Liu . . . . .	Interest of controlled corporation/ Short position <sup>(1) and (2)</sup>	125,000,000	2.3

Notes:

- (1) The entire issued share capital of ZIGL is legally and beneficially owned by Mr. Liu.
- (2) Pursuant to the terms of the Olympus Exchangeable Notes issued by ZIGL, Olympus Alloy is entitled to exchange such notes for the existing Shares held by ZIGL. Assuming that the exchange right under the Olympus Exchangeable Notes could and would be exercised in full immediately after the Global Offering and the Offer Price will be fixed at HK\$7.80 (being the middle of the indicative Offer Price range), Olympus Alloy would be entitled to acquire 125,000,000 existing Shares from ZIGL.

Save as disclosed above, based on the information available on the Latest Practicable Date, immediately following completion of the Global Offering (assuming the Over-allotment Option will not be exercised), none of the Directors or chief executives of our Company has any interest or short position in our Shares, underlying shares or debentures of our Company or any of its associate corporations 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 will be taken or deemed to have under 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in appendix 10 to the Hong Kong Listing Rules relating to securities transactions by Directors to be notified to our Company and the Hong Kong Stock Exchange once our Shares are listed.

## 2. Interests and short positions of substantial shareholders in the shares, underlying shares or debentures of our Company

Information on person(s), not being Directors or chief executive of our Company, who (based on the information available on the Latest Practicable Date) will have, immediately following the Global Offering (assuming the Over-allotment Option will not be exercised), an interest or short position in our Shares or underlying shares of our Company which will fall to be disclosed to our Company under the provisions of divisions 2 and 3 of part XV of the SFO is set out below:

### *Long position and short position*

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Total number of Shares</b>	<b>Approximate percentage of shareholding interest (%)</b>
ZIGL . . . . .	Beneficial owner/ Long position <sup>(1)</sup>	4,000,000,000	74.1
ZIGL . . . . .	Beneficial owner/ Short position <sup>(2)</sup>	125,000,000	2.3
Wang Zhijie (王志杰) . . . . . (Mr. Liu's wife)	Interest of spouse/ Long position <sup>(1)</sup>	4,000,000,000	74.1
Wang Zhijie (王志杰) . . . . . (Mr. Liu's wife)	Interest of spouse/ Short position <sup>(1) and (2)</sup>	125,000,000	2.3

Notes:

- (1) The entire issued share capital of ZIGL is legally and beneficially owned by Mr. Liu.
- (2) Pursuant to the terms of the Olympus Exchangeable Notes issued by ZIGL, Olympus Alloy is entitled to exchange such note for existing Shares held by ZIGL. Assuming that the exchange right under the Olympus Exchangeable Notes could and would be exercised in full immediately after the Global Offering and the Offer Price will be fixed at HK\$7.80 (being the middle of the indicative Offer Price range), Olympus Alloy would be entitled to acquire 125,000,000 existing Shares from ZIGL.

Save as set out above, based on the information available on the Latest Practicable Date, taking no account of any Shares which may be taken up under the Global Offering, the Directors are not aware of any person (not being a Director or chief executives of our Company) who will, immediately following the completion of the Global Offering, be interested, directly or indirectly, in an interest or short position in our Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of divisions 2 and 3 of part XV of the SFO.

**3. Interests of the substantial shareholders of any member of our Group (other than our Company)**

Save as set out above, the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal amount of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company) or any options in respect of such capital.

**4. Particulars of service contracts****(a) Executive Directors**

Each of the executive Directors has entered into a service contract with our Company for an initial term of three years with effect from their respective date of appointment unless terminated by not less than three months' notice in writing served by either the executive Directors or our Company. Under their service contract, each executive Director is entitled to a fixed basic salary, and any bonus and other non-cash benefits are only payable at the discretion of our Company. In certain other circumstances, the agreement can also be terminated by our Company, including but not limited to certain breaches of the Directors' obligations under the agreement or certain misconducts. The appointments of the executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. The executive Directors are officially stationed in the PRC, but may be required to work in Hong Kong or in other places, as may be determined by the board of Directors from time to time.

The service contracts further provide that during the term of the service contract and within one year upon the termination of service, each executive Director cannot engage in any business which is competing or is likely to compete, either directly or indirectly, with the business of our Group.

**(b) Non-executive Director and independent non-executive Directors**

Each of the non-executive Director and independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from their respective date of appointment. Under their respective appointment letters, the non-executive Director is not entitled to any director fee, and each of the independent non-executive Director is entitled to a fixed director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

**(c) Remuneration policy**

Our Company's policies concerning remuneration of executive Directors are as follows:

- (i) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on the Director's experience, responsibility, workload and the time devoted to our Group;
- (ii) non-cash benefits may be provided at the discretion of the Board to the Directors under their remuneration package; and
- (iii) the executive Directors may be granted, at the discretion of the Board, share options under the Share Option Scheme.

**(d) Others**

- (i) Save as disclosed above, none of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (ii) During the year ended December 31, 2008, the aggregate of the remuneration and benefits in kind paid to the Directors was approximately RMB4.7 million. Details of the Directors' remuneration are also set out in note 13 of the Accountants' Report set out in Appendix I to this prospectus.
- (iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending December 31, 2009 is estimated to be approximately RMB4.4 million.
- (iv) None of the Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended December 31, 2008 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for three years ended December 31, 2008.
- (vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connexion with the promotion or formation of our Company.

**5. Agency fees or commissions received**

- (i) None of the Directors, the promoter (if any) of our Company or the persons named under "Consent of experts" in this appendix had received any discounts, brokerage or other special terms, agency fee or commission from our Group in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.
- (ii) The Underwriters will receive such commission(s), fee(s) and/or expense(s) as mentioned in the section headed "Underwriting" in this prospectus.

**6. Disclaimers**

- (a) Save as set out above and in the section headed "Our History and Corporate Structure – Our Corporate Reorganization" in this prospectus, none of the Directors or any of the persons whose names are listed in the paragraph headed "Consent of experts" in this appendix are directly or indirectly 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 any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (b) Save as set out above, none of the Directors nor any of the persons whose names are listed in the paragraph headed "Consent of experts" in this appendix are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.
- (c) Save as set out above, none of the Directors have entered or have proposed to enter into any service contracts with us or any other member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (d) Save as set out in the sections headed "Underwriting" and "Structure of the Global Offering," none of the persons whose names are listed in the paragraph headed "Consent of experts" in this appendix have any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of our Group or is an officer or servant or a partner of or in the employment of an officer or servant of our Group.
- (e) Save as disclosed in this prospectus, no cash, share or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any cash, share or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned in this prospectus.

**D. OTHER INFORMATION****1. Share Option Scheme**

- (i) The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Company pursuant to a resolution of the Board passed on April 17, 2008. The terms of the Share Option Scheme are in accordance with the provisions of chapter 17 of the Hong Kong Listing Rules.
- (a) The purpose of the Share Option Scheme is to provide the Participants (defined in paragraph (b) below) who have been granted options (the "Options") under the Share Option Scheme to subscribe for Shares (the "Grantees") with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Company with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Participants.
- (b) The Share Option Scheme is subject to the administration of the board of directors and/or the remuneration committee of our Company, as any of them may have taken action or made a decision or determination in relation to the Share Option Scheme (each of them so acted shall be referred to as the "Scheme Board"). The Scheme Board may, at its discretion, invite directors, officers, employees (including, without limitation, those employed for a fixed term) and consultants of any member of our Group (each a "Participant") to participate in the Share Option Scheme.
- (c) Initially the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme or any other share option schemes adopted by our Company (and to which the provisions of chapter 17 of the Hong Kong Listing Rules are applicable) shall not exceed 10 per cent. of the aggregate of our Shares in issue as of the date our Shares commence trading on the Hong Kong Stock Exchange. (Options which have lapsed shall not be counted in calculating the 10 per cent. limit.) However (but subject to the 30 per cent. limit referred to in this paragraph below), our Company may refresh this 10 per cent. limit with Shareholders' approval provided that each such limit (as refreshed) may not exceed the 10 per cent. of our Shares in issue as of the date of the Shareholders' approval. (Options previously granted under the Share Option Scheme and any other share option schemes adopted by our Company (and to which the provisions of chapter 17 of the Hong Kong Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options) will not be counted for the purpose of calculating the limit to be refreshed.) Our Company may seek separate approval by Shareholders in general meeting for granting Options beyond the 10 per cent. limit provided that the Options in excess of the limit are granted only to Participants specially identified by our Company before such approval is sought.



The total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by our Company (and to which the provisions of chapter 17 of the Hong Kong Listing Rules are applicable) must not exceed 30 per cent. of our Shares in issue from time to time.

- (d) Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the Share Option Scheme in any 12 month period must not exceed 1 per cent. of our Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1 per cent. limit must be subject to prior Shareholders' approval with the relevant Participant and his associates abstaining from voting.

Each grant of Options to any Director, chief executive or substantial shareholder of our Company (or any of their respective associates) (as such terms are defined in rule 1.01 of the Hong Kong Listing Rules) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Option). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in our Shares 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:

- (i) representing in aggregate over 0.1 per cent. (or such other higher percentage as may from time to time be specified by the Hong Kong Stock Exchange) of our Shares then in issue; and
- (ii) having an aggregate value, based on the closing price of our Shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Hong Kong Stock Exchange),

such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons (as defined in the Hong Kong Listing Rules) of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

No offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Hong Kong Listing Rules at a time when the Participant would or might be prohibited from dealing in our Shares by the Hong Kong Listing Rules or by any applicable rules, regulations or law. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the requirements of 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
- (ii) 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 announcement, no Option may be granted.

- (e)
  - (i) The period within which the Options must be exercised will be specified by our Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant (being the date on which the Scheme Board resolves to make an offer of Option to the relevant Grantee).
  - (ii) In the event the Grantee (being an employee or a director of our Company or any member of our Group) ceases to be a Participant for any reason other than (1) his or her death or (2) on one or more of the grounds of termination of employment or engagement specified in paragraph (l)(vi) below, the Option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless the Scheme Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Scheme Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of our Company or any member of our Group) shall be the last actual working day on which the Grantee was physically at work with the relevant member of our Group, whether salary is paid in lieu of notice or not.
  - (iii) In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under paragraph (l)(vi) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of twelve (12) months from the date of death to exercise the Option up to the entitlement of such Grantee as of the date of death.

- (iv) If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (v) below) resulting in a change of control of our Company is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company.
- (v) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.
- (vi) In the event a notice is given by our Company to its shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three business days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (vii) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three business days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- (viii) Upon the occurrence of any of the events referred to in paragraphs (iv) to (vii) above, our Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by our Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by our Company. If our Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.
- (f) At the time of grant of the Options, our Company may specify any minimum period(s) for which an Option must be held before it can be exercised. Our Share Option Scheme does not contain any such minimum period.
- (g) At the time of the grant of the Options, our Company may specify any performance target(s) which must be achieved before the Options can be exercised. Our Share Option Scheme does not contain any performance targets.
- (h) The amount payable on acceptance of an Option is HK\$1.00 (or its equivalent).
- (i) The subscription price for our Shares the subject of the Options shall be no less than the higher of (i) the closing price of our Shares as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the Date of Grant; (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the Date of Grant (provided that in the event that any Option is proposed to be granted within a period of less than five business days after the trading of our Shares first commences on the Hong Kong Stock Exchange, the new issue price of our Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of our Shares on the Hong Kong Stock Exchange); and (iii) the nominal value of a Share on the Date of Grant. The subscription price will be established by the Scheme Board at the time the Option is offered to the Participant.
- (j) Our Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of our Shares to be issued upon the exercise of the Option.
- (k) No Options may be granted under the Share Option Scheme on or after the date of the tenth anniversary of the adoption of the Share Option Scheme.

- (l) An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:
  - (i) the expiry of the Option period;
  - (ii) the date or the expiry of the period for exercising the Option as referred to in paragraphs (e)(ii), (iv) and (vii) above (as the case may be);
  - (iii) subject to the scheme of arrangement (referred to in paragraph (e)(v) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph (e)(v) above;
  - (iv) with respect to the events referred to in paragraph (e)(vi) above, the earlier of the date or expiry of the period for exercising the Option as referred to in paragraph (e)(vi) and the date of commencement of the winding up of our Company;
  - (v) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favor of any other person, over or in relation to any Option in breach of the Share Option Scheme;
  - (vi) the date on which the Grantee (being an employee, officer, director or consultant of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily, unless the Scheme Board resolves that the relevant option shall not lapse in any of the aforesaid circumstances;
  - (vii) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally.
- (m) In the event of an alteration in the capital structure of our Company whilst any Option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares or reduction of the share capital of our Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of our Company as a result of an issue of shares as consideration in a transaction to which our Company is a party, the auditors of or the financial advisor engaged by our Company for such purpose shall determine what adjustment is required to be made to the subscription price, and/or the number of shares to be issued on exercise of the Options, and/or (if necessary) the method of exercise of the Option (or any combination of the foregoing) provided that any such adjustments give the Participant the same proportion of the equity capital of our Company, provided that no adjustment may be made to the extent that shares would be issued at less than their nominal value. If applicable, any adjustment pursuant to this

paragraph as anticipated under rule 17.03(13) of the Hong Kong Listing Rules shall comply with the requirements of and any guidance letter issued by the Hong Kong Stock Exchange from time to time.

- (n) Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the same Grantee provided such Options fall within the limits specified in paragraph (c) above and are otherwise granted in accordance with the terms of the Share Option Scheme.
- (o) Our Shares issued on exercise of the Options will on issue be identical to the then existing issued shares of our Company.
- (p) Our Company by ordinary resolution of Shareholders, or the Scheme Board, may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.
- (q) The Options are not transferable, except for the transmission of an Option on the death of a Grantee to his personal representative(s) on terms of and as permitted by the Share Option Scheme.
- (r) Subject to the terms set out in the paragraph below, the Scheme Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in the Hong Kong Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

Those specific provisions of the Share Option Scheme which relate to the matters set out in rule 17.03 of the Hong Kong Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with chapter 17 of the Hong Kong Listing Rules.

- (ii) Those specific provisions of the Share Option Scheme which relate to the matters set out in rule 17.03 of the Hong Kong Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

## 2. Pre-IPO Share Option Scheme

Our Company has conditionally approved and adopted the Pre-IPO Share Option Scheme pursuant to a resolution of the Board passed on April 17, 2008. Except for one of the options that was granted to the relevant grantee on December 30, 2008, all the options under the Pre-IPO Share Option Scheme were granted to the respective grantees on April 17, 2008. The purpose of the grant of the Pre-IPO Share Options is to recognize the contribution of certain members of the senior management and employees of our Group. The exercise of the Pre-IPO Share Options is conditional on: (i) the Listing Committee granting approval of the Pre-IPO Share Option Scheme, the granting of the Pre-IPO Share Options, and the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and (ii) the commencement of the dealings in our Shares on the Hong Kong Stock Exchange, and is subject to the vesting conditions set out below.

The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Share Option Scheme except that:

- (i) the subscription price per Share for each of the grantees is HK\$2.00;
- (ii) since no further options can be granted under the Pre-IPO Share Option Scheme:
  - (a) there is no provision limiting the maximum number of options that may be granted to any individual grantee or refreshing the limit for grant of options under the Pre-IPO Share Option Scheme;
  - (b) the provisions on the granting of options to connected persons (as defined in the Hong Kong Listing Rules) were not included; and
  - (c) the price sensitive development provisions relating to grant of options were not included.

The total number of Shares subject to the Pre-IPO Share Option Scheme are 40,400,000 Shares equivalent to approximately 1.01% (prior to the Global Offering) and approximately 0.74% (immediately following completion of the Global Offering, and as enlarged by the exercise in full of all the options granted under the Pre-IPO Share Option Scheme but do not take into account any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by our Company) of the issued share capital of our Company.

A summary of the grantees who have been granted Pre-IPO Share Options is set out below:

<b>Name of Grantee</b>	<b>Residential address</b>	<b>Number of Shares subject to options</b>	<b>Approximate percentage of shareholding held upon exercise of all the Pre-IPO Share Options immediately upon Listing (%) (Note)</b>
<b>Directors</b>			
Lu Changqing (路長青)	Unit 902, Building 614 Guofeng Beijing Wangjing Dongyuan Chaoyang District Beijing PRC	2,200,000	0.04
Chen Yan (陳岩)	6th Floor, Unit 4 Block 8 Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	2,200,000	0.04
Zhong Hong (鍾宏)	3-16, Building 3 Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	2,200,000	0.04
Gou Xihui (勾喜輝)	4-20, Building 3 Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	1,700,000	0.03



Name of Grantee	Residential address	Number of Shares subject to options	Approximate percentage of shareholding held upon exercise of all the Pre-IPO Share Options immediately upon Listing (%) (Note)
<b>Senior management of our Group</b>			
Zhou Mi (周密) . . . . .	Room 201, 2nd Floor New Zhongwang Hotel Wensheng Road Hongwei District Liaoyang, Liaoning PRC	900,000	0.02
Liu Zhongsuo (劉忠鎖) . . . . .	4-36, Building 5 Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	2,200,000	0.04
Yang Gang (楊剛) . . . . .	Zhongwang Residential Area No. 299 Wensheng Road Hongwei District Liaoyang, Liaoning PRC	2,200,000	0.04
Zhu Fengqin (朱鳳琴) . . . . .	65-35 Xinhua Road Wensheng District Liaoyang, Liaoning PRC	2,200,000	0.04
Cheung Lap Kei (張立基) . . . . .	Flat E, 50/F, Block 6 Banyan Garden 863 Lai Chi Kok Road Lai Chi Kok Kowloon, Hong Kong	500,000	0.01
<b>65 other employees of our Group</b>			
Not applicable . . . . .	Not applicable	24,100,000	0.44
Total . . . . .		<u>40,400,000</u>	<u>0.74</u>

Note:

These percentages are calculated on the basis of 5,440,400,000 Shares in issue immediately following the completion of the Global Offering (as enlarged by the exercise in full of all the options granted under the Pre-IPO Share Option Scheme) but do not take into account any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.

The above Pre-IPO Share Options have been granted on the condition that they are valid for a period ending on the date before the fifth anniversary of the Listing Date (“Pre-IPO Share Option Term”) and the holders may only exercise (but subject to the satisfaction of the abovementioned conditions) their options in the following manner:

**Periods for vesting of the relevant portion of our Shares under Pre-IPO Option**

**The amount of our Shares in respect of which the Pre-IPO Options are exercisable**

Each of the following periods shall be referred to as a “Vesting Period”:

- (i) from the Listing Date until the day immediately before the first anniversary of the Listing Date;
- (ii) from the first anniversary of the Listing Date until the day immediately before the second anniversary of the Listing Date;
- (iii) from the second anniversary of the Listing Date until the day immediately before the third anniversary of the Listing Date;
- (iv) from the third anniversary of the Listing Date until the day immediately before the fourth anniversary of the Listing Date; and
- (v) from the fourth anniversary of the Listing Date until the day immediately before the fifth anniversary of the Listing Date.

With respect to each of the Vesting Periods, a grantee shall be entitled to exercise his option to subscribe for up to 20% of the total number of our Shares under option (“Vested Shares”) during such period.

In the event that an option holder shall not have exercised his option for the full amount of the Vested Shares for the relating Vesting Period (the unexercised portion of the Vested Shares shall be referred to as the “Unexercised Vested Shares”), the option shall continue to be exercisable in respect of such Unexercised Vested Shares during the rest of the Pre-IPO Share Option Term.

Save and except as set out above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme. The Directors will not exercise any Pre-IPO Share Options if as a result of which our Company would not be able to comply with the public float requirements of the Hong Kong Listing Rules.

Except for one of the options that was granted to the relevant grantee on December 30, 2008, all the options under the Pre-IPO Share Option Scheme were granted to the respective grantees on April 17, 2008. A Pre-IPO Share Option will lapse (to the extent not already exercised) if the grantee ceases to be a participant of the Pre-IPO Share Option Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily unless otherwise approved by the Board. If a grantee is a connected person of our Company, such grantee shall not exercise any option granted under the Pre-IPO Share Option Scheme to the extent that our Company's public float will as a result of such exercise be less than the minimum requirements under the Hong Kong Listing Rules. No options are held by connected persons of our Company other than those granted to the Directors and the directors of the subsidiaries of our Company under the Pre-IPO Share Option Scheme. Exercise in full of all options granted under the Pre-IPO Share Option Scheme would result in an increase in the number of Shares in issue by approximately 0.75% of the total number of Shares in issue immediately upon completion of the Global Offering (assuming there will be no further issue of Shares whether pursuant to the Over-allotment Option or the Share Option Scheme, which may dilute the shareholdings of our Shareholders and may reduce the earnings per Share on a pro rata basis).

Assuming that all of the options granted under the Pre-IPO Share Option Scheme had been exercised in full during the financial year ended December 31, 2008 and that an aggregate of 4,040,400,000 Shares (comprising an aggregate of 4,000,000,000 Shares being the number of Shares in issue as of the date of this prospectus, and 40,400,000 Shares issuable pursuant to the exercise of all the options granted under the Pre-IPO Share Option Scheme) were in issue throughout the financial year ended December 31, 2008, the basic earnings per Share attributable to equity holders of our Company for the financial year ended December 31, 2008 would have been diluted from approximately RMB0.484 to RMB0.479. No share-based payment expense is recognized in the consolidated income statement as at December 31, 2008.

We have applied to the SFC for an exemption from the strict compliance with the disclosure requirements under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and to the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules in connection with the information of the granting of options under the Pre-IPO Share Option Scheme on the grounds that:

- (i) in light of the large number of grantees involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Pre-IPO Share Option Scheme in this prospectus would be unduly burdensome for our Company;
- (ii) the grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme would not cause any material adverse impact in the financial position of our Company;
- (iii) non-compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

- (iv) the information contained in this prospectus regarding the Pre-IPO Share Option Scheme, including the dilution effect and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme, provides potential investors with sufficient information to make a relevant assessment of our Company in their investment decision making process.

The waiver from the Hong Kong Stock Exchange has been granted on the conditions that:

- (i) the following information will be clearly disclosed in this prospectus:
- (a) full details of all options granted by our Company under the Pre-IPO Share Option Scheme to grantees being Directors and members of the senior management of our Group, such details to include all the particulars required under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules;
  - (b) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme other than those referred to in sub-paragraph (i)(a) above, (1) the aggregate number of grantees and the number of shares subject to the Pre-IPO Share Options, (2) the consideration paid for the grant of the Pre-IPO Share Options and (3) the exercise period and the exercise price for the Pre-IPO Share Options;
  - (c) the aggregate number of Shares subject to the outstanding Pre-IPO Share Options and the percentage to our Company's total issued share capital represented by such number of Shares; and
  - (d) the dilutive effect upon full exercise of the Pre-IPO Share Options, and
- (ii) a list of all the grantees (including those persons whose details have already been disclosed in this prospectus) who have been granted options under the Pre-IPO Share Option Scheme (including the persons referred to in sub-paragraph (i)(a) above) containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Hong Kong Listing Rules be made available for public inspection in accordance with the section headed "Documents delivered to the registrar of companies in Hong Kong and available for inspection" in Appendix VII to this prospectus.

The exemption from the SFC has been granted on the following conditions:

- (i) full details of all options granted by our Company under the Pre-IPO Share Option Scheme to each Directors and members of the senior management of our Group are disclosed in this prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;
- (ii) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme to employees other than those referred to in sub-paragraph (i) above, the following details are disclosed in this prospectus:
- (a) the aggregate number of grantees and the number of Shares subject to the options;
  - (b) the consideration paid for the grant of the Pre-IPO Share Options; and

- (c) the exercise period and the exercise price for the Pre-IPO Share Options; and
- (iii) a full list of all the grantees (including those persons referred to in sub-paragraph (i) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme containing all the details as required under paragraph 10 of Part 1 of the Third Schedule to the Companies Ordinance be made available for public inspection in accordance with the section headed "Documents delivered to the registrar of companies in Hong Kong and available for inspection" in Appendix VII to this prospectus.

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares, which may fall to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, on the Hong Kong Stock Exchange.

### **3. Tax and other indemnity**

#### ***(a) Tax indemnity and other indemnity***

Mr. Liu has, pursuant to the deed of indemnity dated April 17, 2009 referred to in the paragraph headed "Summary of material contracts" in this appendix, given indemnity in favor of the Group from and against, among other things:

- (1) any tax liabilities which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date, save:
  - (i) to the extent that any provision or allowance or reserve has been made for such taxation in the audited accounts of our Group for three years ended December 31, 2008, as set out in Appendix I to this prospectus;
  - (ii) to the extent that such taxation arises or is incurred as a result of any retrospective change in law or the interpretation or practice by the relevant tax authority or retrospective increase in tax rates coming into force on or after the Listing Date;
  - (iii) for any liability which would not have arisen but for any act, transaction, omission of or transactions voluntarily effected by any member of our Group (other than pursuant to a legally binding commitment created before the Listing Date) on or after the Listing Date and otherwise than carried out in the ordinary course of business after the Listing Date;
  - (iv) for which our Group is primarily liable as a result of transactions entered into in the ordinary course of business after December 31, 2008; and
  - (v) to the extent of any provision or reserve made for taxation in the Accountants' Report set out in Appendix I to this prospectus up to December 31, 2008 which is finally established to be an over-provision or an excessive reserve; and
- (2) any actions, claims, losses, payments, charges, settlement payments, costs, penalties, damages or expenses which the Group may incur or suffer as a result of or in connection with any failure by the Group to comply with the relevant PRC laws and regulations as set out in the section headed "Regulations – Past Non-Compliance with PRC Laws and Regulations" in this prospectus.

**(b) Estate Duty**

The Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Hong Kong, the British Virgin Islands and the PRC, being jurisdictions in which the companies comprising our Group are incorporated.

**4. Litigation**

Neither our Company or any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known by the Directors to be pending or threatened by or against any member of our Group.

**5. Application for listing of Shares**

The Joint Sponsors have made an application for and on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, all our Shares in issue, our Shares to be issued as mentioned in this prospectus and any Shares which may fall to be issued pursuant to the exercise of any options granted under the Share Option Scheme.

**6. Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately HK\$66,744 and are payable by our Company. The commission and expenses relating to the Global Offering that are to be borne by our Company are set out in the section headed "Underwriting" in this prospectus.

**7. Promoter**

Our Company has no promoter for the purposes of the Hong Kong Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

**8. Qualifications of experts**

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

<b>Name</b>	<b>Qualifications</b>
CITIC Securities Corporate Finance (HK) Limited	Licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO
UBS AG, acting through its business division, UBS Investment Bank	Registered institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants

<b>Name</b>	<b>Qualifications</b>
Savills Valuation and Professional Services Limited	Property valuers
Commerce & Finance Law Offices	PRC legal advisors
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Moores Rowland	Certified Public Accountants

### **9. Consent of experts**

Each of the experts whose names are set out in paragraph D8 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

### **10. Binding effect**

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

### **11. Taxation of holders of the shares**

#### **(a) Cayman Islands**

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

#### **(b) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasized that none of our Company, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profit from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, which is charged on each of the purchaser and seller at HK\$1 for every HK\$1,000 or part thereof against the higher of the consideration or the fair value of our Shares being sold or transferred.

**12. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
  - (iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and
  - (v) no commission has been paid or payable, except for the commission payable to the Underwriters, for subscription of, agreeing to subscribe or procuring subscription of any shares in our Company or any of its subsidiaries.
- (b) The Directors confirm that:
- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2008 (being the date to which the latest audited financial statements of our Group were prepared); and
  - (ii) there has not been any interruption in the business of our Group which may have or have had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (c) The register of members of our Company will be maintained in the Cayman Islands by Butterfield Fulcrum (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our Company's Share Registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).



**A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE, YELLOW** and **GREEN** application forms, (ii) the written consents referred to in the paragraph headed "Consent of experts" in Appendix VI to this prospectus, (iii) copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus.

**B. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Richards Butler (in association with Reed Smith LLP) at 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong during normal business hours up to and including the date that is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the letters received from Deloitte Touche Tohmatsu and the Joint Sponsors respectively relating to the profit forecast of our Group, the text of which is set out in Appendix III to this prospectus;
- (d) the audited consolidated financial statements of the Group for each of the three financial years ended December 31, 2008;
- (e) the letter, summary of valuation and valuation certificate relating to the property interests of our Group prepared by Savills Valuation and Professional Services Limited, the texts of which are set out in Appendix IV to this prospectus;
- (f) the letter of advice prepared by Conyers Dill & Pearman referred to in the section headed "Summary of the constitution of our Company and Cayman Islands Companies Law" in Appendix V to this prospectus;
- (g) the PRC legal opinions prepared by Commerce & Finance Law Offices, our legal advisors on PRC law;
- (h) the internal control reports prepared by Moores Rowland, our independent internal controls advisors;
- (i) the Cayman Islands Companies Law;
- (j) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus;

- (k) the service agreements with each of the Directors referred to in the paragraph headed “Particulars of service contracts” in Appendix VI to this prospectus;
- (l) the written consents referred to in the paragraph headed “Consent of experts” in Appendix VI to this prospectus;
- (m) the rules of the Share Option Scheme and the Pre-IPO Share Option Scheme;
- (n) the details of the grantees of Pre-IPO Share Options;
- (o) the valuation report relating to the Pre-IPO Share Options; and
- (p) the report in relation to unaudited pro forma financial information from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus.

**中国忠旺控股有限公司\***  
China Zhongwang Holdings Limited