
HISTORY, CORPORATE REORGANIZATION AND GROUP STRUCTURE

The Company was incorporated in the Cayman Islands on 8 September 2008 and as part of the Corporate Reorganization became the holding company of our subsidiaries. As of the Latest Practicable Date, the Company was wholly owned by Amber International, which is indirectly owned as to 90% by Mr. Lu through his wholly-owned company, GDZ, and indirectly owned as to 10% by Mr. Chai through his wholly-owned company, DUOU. The Company, through the Intermediate Hong Kong Companies, owns indirect interests in our PRC operating subsidiaries, which are principally engaged in the development, management and operation of gas-fired power plants in Zhejiang province of the PRC.

HISTORY AND DEVELOPMENT

Before investing in the Group's natural gas power generation business, Mr. Lu and Mr. Chai operated their own different business. Mr. Lu as a strategic investor mainly focuses on financial services, resources development, investment and other service industries, whereas Mr. Chai focused on public media industries.

Mr. Lu, aged 38, is one of the founders of the Group and is the Chairman of Wanxiang Holding and the director of Amber International. Moreover, he is the Vice Chairman of Minsheng Life Insurance Co., Ltd.*, the Chairman of the Supervision Committee of China Zheshang Bank*, the Chairman of Zhejiang Industrial Commercial Trust Investment Co., Ltd*. At the same time, he is the Chairman of the presidium of China Federation of Industrial Economics*, the Vice Chairman of China Group Companies Promotion Association*, the Vice Chairman of China Machinery Industry Federation* and the Vice Chairman of China Industrial Overseas Development & Planning Association*.

In 2001, in order to coordinate with the construction of the West-East natural gas transmission project, Zhejiang provincial government commenced the construction of the natural gas utilization project and widely popularized the exploitation and usage of the natural gas which accordingly attracted lots of investors to participate in the natural gas utilization projects, including natural gas power generation, natural gas chemical engineering, etc.

Mr. Lu and Mr. Chai also captured this commercial opportunity and considered natural gas as a clean energy source which produced less pollution and higher efficiency in comparison with coal and other traditional fuel. Mr. Lu and Mr. Chai anticipated that natural gas would be commonly used as fuel in future and gas-fired power generation would become a potentially high growth industry. In January 2004, Mr. Lu and Mr. Chai established Amber International with their own personal funds accumulated through their past work experience and entered the gas-fired power generation industry.

Although Mr. Lu is one of the founders of the Group, he has not been involved in the day-to-day management and operations of the Group and is not a member of the core management of the Group since establishment of the Group. As such, Mr. Lu considers that the fact that he is not a Director or a member of senior management of the Company will not affect the overall management of the Group after Listing as the management of the actual operation of the Group during the Track Record Period has been entrusted to Mr. Chai and the core management team led by him.

The business of the Group started when De-Neng Power Plant and Blue Sky Power Plant were established in August 2004 and December 2004, respectively. Subsequently, the Group acquired Jing-Xing Power Plant in August 2005. The following is the history and development of each of these three power plants:

De-Neng Power Plant

On 18 August 2004, De-Neng Power Plant was established with a registered capital of USD12,000,000 and an approved total investment of USD29,850,000. De-Neng Power Plant was held as to 45% by Amber International, and as to 40%, 8% and 7% by Ningbo Beilun, Zhejiang Zhen-Neng and Ningbo Hong-Ji, respectively. Each of Ningbo Beilun, Zhejiang Zhen-Neng and Ningbo Hong-Ji is an Independent Third Party. Zhejiang Zhen-Neng is an investment company in the PRC and based on its confidence on the capabilities and experiences of the Group's core management team, Zhejiang Zhen-Neng intended to invest but not to participate in the management of De-Neng Power Plant. According to the confirmation on voting power entered into between Amber International and Zhejiang Zhen-Neng on 20 August 2004, it was confirmed that as long as Zhejiang Zhen-Neng is entitled to nominate a director to the board of De-Neng Power Plant, its representative, when exercising his/her voting power during the board meeting of De-Neng Power Plant, his/her vote shall always be consistent with that of the directors appointed by Amber International. As advised by the PRC legal advisers of the Company, such confirmation between Amber International and Zhejiang Zhen-Neng is binding. Zhejiang Zhen-Neng had acted in accordance with the confirmation until its interests in De-Neng Power Plant were acquired by the Company and accordingly, the board representative of Zhejiang Zhen-Neng vote consistently with the directors appointed by Amber International in all circumstances. Amber International was entitled to cast the majority of votes at the board meeting of De-Neng Power Plant and thus could govern the financial and operating policies of De-Neng Power Plant accordingly. De-Neng Power Plant then acquired a piece of land with an area of approximately 60,922 square meters and commenced the construction and development of the plant. De-Neng Power Plant commenced commercial operation in December 2005.

In January 2006, the registered capital and the approved total investment of De-Neng Power Plant were increased to USD20,800,000 and USD51,850,000, respectively. The additional capital of USD8,800,000 was contributed by the then shareholders in accordance with their respective shareholdings in De-Neng Power Plant at the time.

In July 2007, Amber International completed the acquisition of 8% equity interest of De-Neng Power Plant from Zhejiang Zhen-Neng, increasing its shareholding from 45% to 53%. The consideration of the acquisition, which was based on the amount of capital paid by Zhejiang Zhen-Neng, amounted to approximately RMB9.70 million.

Upon completion of the construction of the plant, the actual amount of investment incurred was lower than the approved total investment of USD51,850,000. In October 2007, the registered capital and approved total investment of De-Neng Power Plant were reduced to USD18,408,710 and USD43,971,974, respectively, to reflect the actual amount of investment incurred for the development of De-Neng Power Plant. The capital reduction of De-Neng Power Plant has been legally executed and approved by competent authorities.

In June 2009, Amber International completed the transfer of its 53% equity interest in De-Neng Power Plant to Amber Deneng. The consideration of the transfer, which was based on the then registered capital of De-Neng Power Plant, amounted to USD9,757,711.11.

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In June 2009, Blue Sky Power Plant completed the acquisition of 40% equity interest in De-Neng Power Plant from Ningbo Beilun. The consideration of the acquisition, which was based on the carrying amount of the net assets value of De-Neng Power Plant as at 31 December 2008 and certain appreciation in value of its land and equipment, amounted to RMB81,331,300.

In June 2009, Blue Sky Power Plant completed the acquisition of 7% equity interest in De-Neng Power Plant from Ningbo Hong-Ji. The consideration of the acquisition, which was based on the carrying amount of the net assets value of De-Neng Power Plant as at 31 December 2008 and certain appreciation in value of its land and equipment, amounted to RMB14,233,000.

Upon completion of the above transfers, De-Neng Power Plant became a wholly-owned subsidiary of the Company and as stipulated in the abovementioned equity transfer agreements, the Group will be entitled to the profit or liable for the loss of De-Neng Power Plant commencing 1 January 2009.

Blue Sky Power Plant

On 15 December 2004, Blue Sky Power Plant was established with a registered capital of USD21,490,800 and an approved total investment of USD64,343,400. Blue Sky Power Plant was held as to 35% by Amber International, 24% by Shanghai Pu-Xing, 25% by Zhejiang Kai-Xin and 16% by Zhejiang Zhen-Neng. Shanghai Pu-Xing is a connected person of the Company, held as to 93.25% indirectly by Mr. Lu and 6.75% directly by Mr. Chai. Both Zhejiang Kai-Xin and Zhejiang Zhen-Neng are Independent Third Parties. Blue Sky Power Plant then acquired a piece of land with an area of approximately 55,020 square meters and commenced the construction and development of the plant. Blue Sky Power Plant commenced commercial operation in March 2006.

In September 2006, Shanghai Pu-Xing completed the transfer of its 24% equity interest in Blue Sky Power Plant to Amber International for a consideration of USD5.13 million, which was determined based on the amount of capital paid by Shanghai Pu-Xing.

As Zhejiang Zhen-Neng has not fully paid up the registered capital for its 16% equity interest in Blue Sky Power Plant, after discussion among all the then equity interest holders of Blue Sky Power Plant, Zhejiang Zhen-Neng agreed to transfer the portion of its equity interest, the registered capital of which had not been fully paid up at that time, to Amber International and Zhejiang Kai-Xin at nil consideration and Amber International and Zhejiang Kai-Xing would be obliged to inject the un-paid capital accordingly. In September 2006, Zhejiang Zhen-Neng transferred its 5.62% and 2.38% interests in Blue Sky Power Plant to Amber International and Zhejiang Kai-Xin respectively at nil consideration.

After the above equity transfers in September 2006, Blue Sky Power Plant was held as to 64.62% by Amber International, 27.38% by Zhejiang Kai-Xing and 8% by Zhejiang Zhen-Neng.

In July 2007, Zhejiang Zhen-Neng completed the transfer of its remaining 8% equity interest in Blue Sky Power Plant to Jing-Xing Power Plant for a consideration of RMB13.03 million, which was determined based on the amount of capital paid by Zhejiang Zhen-Neng.

Upon completion of the construction of the plant, the actual amount of investment incurred was lower than the approved total investment of USD64,343,400. In May 2008, the registered capital and the approved total investment amount of Blue Sky Power Plant were reduced to USD17,171,400 and

USD42,900,000, respectively, to reflect the actual amount of investment incurred for the development of Blue Sky Power Plant. Upon completion of the capital reduction, Blue Sky Power Plant was held as to 64.48% by Amber International, 27.32% by Zhejiang Kai-Xin and 8.2% by Jing-Xing Power Plant. The capital reduction of Blue Sky Power Plant has been legally executed and approved by competent authorities.

Jing-Xing Power Plant

On 6 January 2005, Jing-Xing Power Plant was established with a registered capital of USD11,600,000 and an approved total investment of USD29,000,000. Jing-Xing Power Plant was held as to 70% and 30% by two Independent Third Parties respectively upon its establishment.

In August 2005, Amber International acquired 30% equity interest of Jing-Xing Power Plant for a consideration of USD605,000 from an Independent Third Party. At the same time, Shanghai Pu-Xing acquired 70% of Jing-Xing Power Plant for a consideration of RMB24,631,188 from another Independent Third Party. The respective consideration was determined with reference to the capital contribution by such Independent Third Parties and the attributable net asset value of Jing-Xing Power Plant as at 31 August 2005 as valued by an independent valuer.

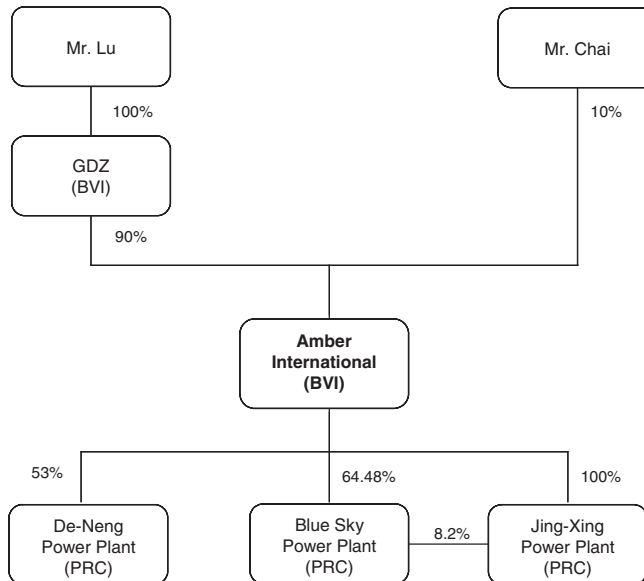
In September 2006, Shanghai Pu-Xing completed the transfer of its 70% equity interest in Jing-Xing Power Plant to Amber International for a consideration of USD8.4 million, which was determined with reference to the registered capital of Jing-Xing Power Plant. Upon completion of the abovementioned equity transfer, Jing-Xing Power Plant became a wholly-owned subsidiary of Amber International.

In October 2008, the registered capital and the approved total investment of Jing-Xing Power Plant were increased to USD16,660,000 and USD41,600,000, respectively.

Jing-Xing Power Plant acquired a piece of land with an area of approximately 59,506 square meters and commenced the construction and development of the plant. Jing-Xing Power Plant commenced commercial operation in December 2006.

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The following chart illustrates the shareholding structure of the Group prior to the Corporate Reorganization:



CORPORATE REORGANIZATION

In preparation for the Listing, the Group underwent the Corporate Reorganization to rationalize the Group's corporate structure which involved the following major steps:-

1. Acquisition of minority interests

In July 2008, Jing-Xing Power Plant completed the transfer of its 8.2% equity interests in Blue Sky Power Plant to Amber International for a consideration of approximately USD1,689,000. At the same time, Amber International acquired the remaining 27.32% equity interest in Blue Sky Power Plant from Zhejiang Kai-Xin for a consideration of approximately RMB42,272,000. The consideration of the abovementioned equity transfer and acquisition was determined with reference to the attributable net asset value of Blue Sky Power Plant as at 31 December 2007 as valued by an independent valuer.

In June 2009, Blue Sky Power Plant completed the acquisition of 40% equity interest in De-Neng Power Plant from Ningbo Beilun. The consideration of the acquisition, which was based on the carrying amount of the net assets value of De-Neng Power Plant as at 31 December 2008 and certain appreciation in value of its land and equipment, amounted to RMB81,331,300.

In June 2009, Blue Sky Power Plant completed the acquisition of 7% equity interest in De-Neng Power Plant from Ningbo Hong-Ji. The consideration of the acquisition, which was based on the carrying amount of the net assets value of De-Neng Power Plant as at 31 December 2008 and certain appreciation in value of its land and equipment, amounted to RMB14,233,000.

2. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 September 2008, with an authorized share capital of

HK\$380,000 divided into 3,800,000 Shares of HK\$0.1 each. On 8 September 2008, one Share was allotted and issued to the initial subscriber and was subsequently transferred to Amber International on the same date. On 20 March 2009, two Shares were allotted and issued to Amber International to settle the consideration for the transfer of Blue Sky Power Plant and Jing-Xing Power Plant to Amber Bluesky and Amber Jingxing respectively. On 11 June 2009, one Share was allotted and issued to Amber International to settle the consideration for the transfer of De-Neng Power Plant to Amber Deneng. (Please refer to paragraph 4 headed “Transfer of Blue Sky Power Plant and Jing-Xing Power Plant to Amber Bluesky and Amber Jingxing” below of this section for more details).

Pursuant to a resolution passed by the sole shareholder of the Company on 18 June 2009, the authorized share capital of the Company was increased from HK\$380,000 divided into 3,800,000 Shares to HK\$100,000,000 divided into 1,000,000,000 Shares.

3. Incorporation of the Intermediate Hong Kong Companies

Three Hong Kong incorporated companies, namely Amber Bluesky, Amber Jingxing and Amber Deneng were incorporated on 26 June 2008 by Amber International. On 19 September 2008, the Company acquired from Amber International the entire issued share capital of Amber Bluesky, Amber Jingxing and Amber Deneng for a consideration of HK\$10,000 each.

4. Transfer of Blue Sky Power Plant and Jing-Xing Power Plant to Amber Bluesky and Amber Jingxing

In January 2009, the entire equity interest in Blue Sky Power Plant was transferred from Amber International to Amber Bluesky at a consideration of RMB170,846,000, being the net asset value of Blue Sky Power Plant as at 31 October 2008.

In February 2009, the entire equity interest in Jing-Xing Power Plant was transferred from Amber International to Amber Jingxing at a consideration of RMB87,194,000, being the net asset value of Jing-Xing Power Plant as at 31 October 2008.

The considerations for the above-mentioned transfers of equity interest in Blue Sky Power Plant and Jing-Xing Power Plant were settled through the allotment and issue of two Shares by the Company to Amber International at the issue price of HK\$193,653,941 and HK\$98,834,399 respectively credited as fully paid.

In consideration of the Company issuing Shares to Amber International for the transfer of Blue Sky Power Plant and Jing-Xing Power Plant, Amber Bluesky and Amber Jingxing each allotted and issued one share in their respective share capital to the Company at HK\$193,653,941 and HK\$98,834,399 respectively credited as fully paid.

5. Transfer of 53% equity interest in De-Neng Power Plant to Amber Deneng and acquisition of remaining 47% equity interest in De-Neng Power Plant by Blue Sky Power Plant

On 13 May 2009, the 53% equity interest in De-Neng Power Plant was transferred from Amber International to Amber Deneng at a consideration of approximately USD9,757,000, being 53% of the then registered capital of De-Neng Power Plant. The consideration for the aforesaid transfer

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was settled through the allotment and issue one Share by the Company to Amber International at the issue price of HK\$75,614,511 credited as fully paid.

In consideration of the Company issuing Share to Amber International for the transfer of De-Neng Power Plant, Amber Deneng allotted and issued one share in its share capital to the Company at HK\$75,614,511 credited as fully paid.

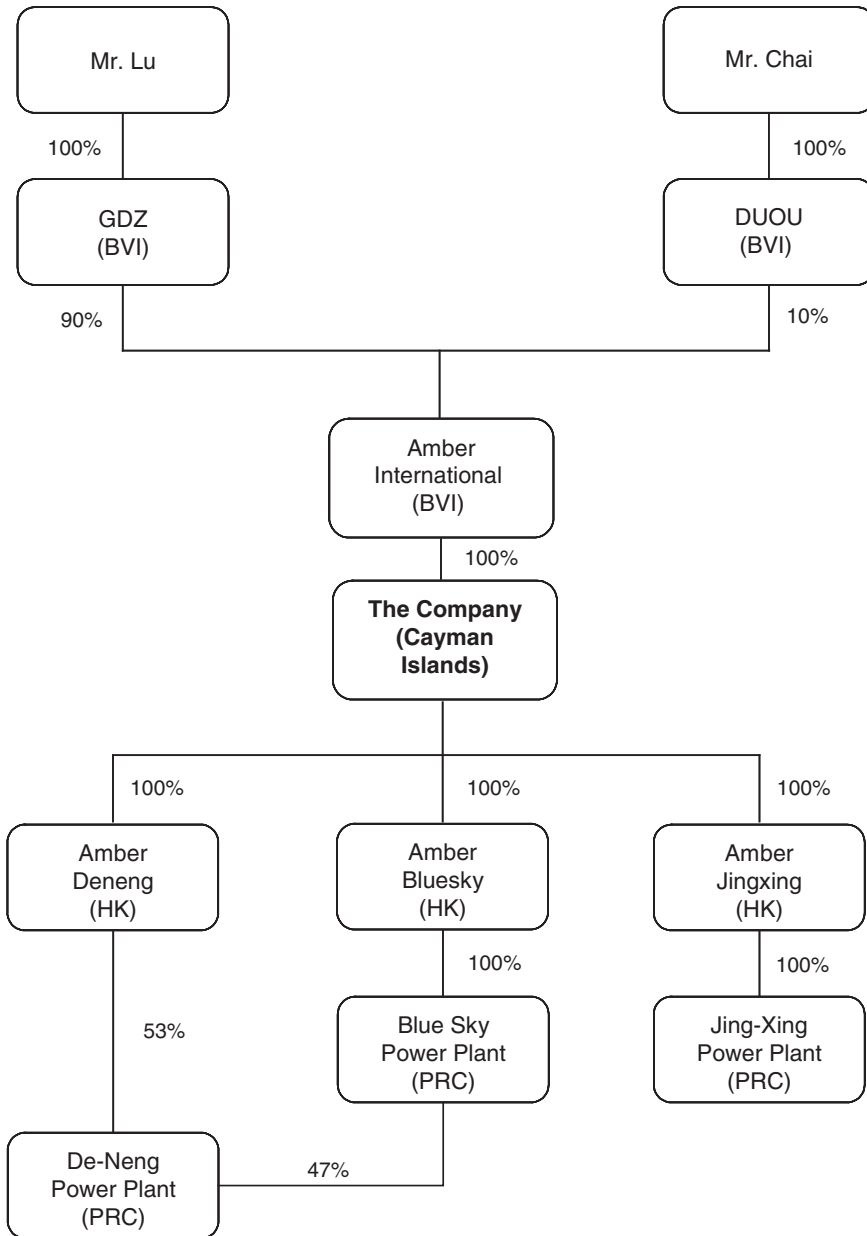
On 23 May 2009, Blue Sky Power Plant entered into equity transfer agreements with each of Ningbo Beilun and Ningbo Hong-Ji to acquire their 40% and 7% equity interests respectively in De-Neng Power Plant for cash consideration of RMB81,331,300 and RMB14,233,000 respectively with reference to the carrying amount of net asset value of De-Neng Power Plant as at 31 December 2008 and certain appreciation in value of its land and equipment.

As stipulated in the abovementioned equity transfer agreements, the Group, as the transferee, will be fully entitled to the profit or liable for the loss of De-Neng Power Plant commencing 1 January 2009.

In relation to the Corporate Reorganization and Share Offer, the PRC legal adviser to the Company confirms that the Company has obtained all necessary approvals and consents and has complied with all applicable rules, regulations and registration requirements imposed by the relevant PRC authorities. In addition, given the fact that all of the PRC subsidiaries are established as foreign-owned enterprises and controlled by the Company or its affiliates before 8 September 2006, the PRC legal adviser to the Company confirms that the Corporate Reorganization is not subject to the requirements under the Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors.

GROUP STRUCTURE

The following chart illustrates the shareholding structure of the Group after the Corporate Reorganization but before completion of the Capitalization Issue and the Share Offer:



HISTORY, CORPORATE REORGANIZATION AND GROUP STRUCTURE

The following chart illustrates the shareholding structure of the Group immediately upon completion of the Capitalization Issue and the Share Offer (assuming the Over-allocation Option is not exercised):

