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A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company is incorporated in the Cayman Islands under the Companies Law as an exempted Company with limited liability on February 27, 2008. Our Company has established a place of business in Hong Kong at 10th Floor, 10 Harcourt Road, Hong Kong.

We are registered as a non-HK company under Part XI of the Hong Kong Companies Ordinance. Charltons of 10th Floor, 10 Harcourt Road, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

As our Company is established in the Cayman Islands, its operation is subject to the relevant laws and regulations of the Cayman Islands and its constitution, which comprises the Memorandum and Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of the Articles of Association is set out in Appendix VI of this document.

2. Changes in share capital of our Company

The authorized share capital of the Company at the date of its incorporation was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the date of its incorporation, one share was allotted and issued at par, credited as fully paid, to the subscriber to the Memorandum and Articles, Company Secretaries Limited, which was subsequently transferred to GTE on April 9, 2008.

Since the date of incorporation of our Company, the following alterations in its share capital have taken place.

On April 9, 2008, 4,899 shares were further allotted and issued to GTE credited as fully paid and 5,100 shares were allotted and issued to Mr. Ellis credited as fully paid.

On May 28, 2008, 2,450 shares were further allotted and issued to GTE and 2,550 shares were further allotted and issued to Mr. Ellis, making GTE as registered holder of 7,350 shares of the Company and Mr. Ellis as the registered holder of 7,650 shares of the Company.

On May 29, 2008, GTE transferred 4,079.25 shares of the Company to Union Rise for a consideration of US\$4,079.25 and 3,270.75 shares of the Company to Crown Max for a consideration of US\$3,270.75. Following completion of the share transfer, Mr. Ellis remained the register holder of 7,650 shares of the Company, Union Rise became the registered holder of 4,079.25 shares of the Company and Crown Max was the registered holder of 3,270.75 Shares of the Company.

On August 1, 2008, 5,000 shares were allotted and issued to China Fund Limited credited as fully paid. Following completion of the share allotment, Mr. Ellis remained the register holder of 7,650 shares of the Company, Union Rise remained the registered holder of 4,079.25 shares of the Company, Crown Max remained the registered holder of 3,270.75 shares of the Company and China Fund Limited became the registered holder of 5,000 shares of the Company.

On October 19, 2009, each issued and unissued share of a nominal or par value of US\$1.00 in the share capital of the Company was sub-divided into 100 shares of a nominal or par value of US\$0.01 each ("**Share Sub-division**"). As a result of the Share Sub-division, the authorized share capital of the Company was US\$50,000 divided into 5,000,000 Shares of a nominal or par value of US\$0.01 each and the existing issued Shares in the issued share capital of the Company shall become 2,000,000 Shares of a nominal or par value of US\$0.01 each. The authorized share capital of our Company in the amount of US\$50,000 remained unchanged.

On October 19, 2009, the authorized share capital of our Company was increased from US\$50,000 divided into 5,000,000 Shares of US\$0.01 each to US\$24,000,000 divided into 2,400,000,000 Shares of US\$0.01 each

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and the Capitalization Issue was approved pursuant to the written resolutions of our Company's shareholders passed on October 19, 2009, as set out below.

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

3. Changes in share capital or registered capital of the subsidiaries of our Company

Our subsidiaries are set out in the Accountants' Report in Appendices IA and IB to this document. The following alterations in the share capital of our offshore and PRC subsidiaries took place within the two years immediately preceding the date of this document.

Mega Smart Investments Limited ("Mega Smart")

On March 27, 2008, Mega Smart was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 100 shares at par US\$1.00 was allotted and issued to Mr. Ellis.

On June 6, 2008, 900 shares were further allotted and issued to Mr. Ellis. Following completion of the share allotment, Mr. Ellis remained the sole shareholder of 1,000 shares of Mega Smart holding 100% interest of Mega Smart.

On July 22, 2008, Mr. Ellis transferred all 1,000 shares of Mega Smart to the Company for a consideration of US\$1,300,000. Following completion of the share transfer, Mega Smart became a wholly owned subsidiary of the Company.

Silver Park Holdings Limited ("Silver Park")

On April 2, 2008, Silver Park was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 Shares of US\$1.00 each. On the date of incorporation, 100 shares at par US\$1.00 was allotted and issued to Mr. Ellis.

On July 21, 2008, Mr. Ellis transferred all 100 shares of Silver Park to the Company for a consideration of the Company's issuing 2,550 shares to Mr. Ellis on May 28, 2008. Following completion of the share transfer, Silver Park became a wholly owned subsidiary of the Company.

General Thermal Engineering (China) Limited ("GTE")

Immediately before December 5, 2007, Mr. Xie beneficially owned 55.5% interest and Ms. Chen beneficially owned 44.5% interest in GTE. On December 5, 2007, 2 shares held by a nominee shareholder were transferred back to Mr. Xie for a consideration of US\$2.00 and 1 share held by another nominee shareholder was transferred to Ms. Chen for a consideration of US\$1.00. On December 5, 2007, GTE further allotted 551 shares to Mr. Xie for a consideration of US\$551.00 and 444 shares to Ms. Chen for a consideration of US\$444.00. Following completion of the share transfers and share allotment, Mr. Xie held 555 shares and Ms. Chen held 445 shares of GTE.

On July 21, 2008, Mr. Xie transferred 555 shares of GTE to the Company for a consideration of US\$555 and Ms. Chen transferred 445 shares of GTE to the Company for a consideration of US\$445. Following completion of the share transfer, GTE became a wholly owned subsidiary of the Company.

Greens Marine Engineering (BVI) Limited ("GMBVI")

On April 9, 2008, GMBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of

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incorporation, 50,000 shares at par US\$1.00 were allotted and issued to Mega Smart and GMBVI remained a wholly owned subsidiary of Mega Smart.

Greens Power Equipment (BVI) Limited ("GPBVI")

On April 9, 2008, GPBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 50,000 shares at par US\$1.00 were allotted and issued to Mega Smart and GPBVI remained a wholly owned subsidiary of Mega Smart.

Greens Thermal Equipment (BVI) Limited ("GTBVI")

On April 9, 2008, GTBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 50,000 shares at par US\$1.00 were allotted and issued to Mega Smart.

On July 18, 2008, Mega Smart transferred 50,000 shares of GTBVI to Silver Park for a consideration of US\$50,000. Following completion of the share transfer, GTBVI became a wholly owned subsidiary of Silver Park.

Greens Energy Environmental Holdings Company Limited ("GEBVI")

On May 14, 2008, GEBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 1,000 shares at par US\$1.00 were allotted and issued to Mega Smart and GEBVI remained a wholly owned subsidiary of Mega Smart.

Port Rich International Limited ("PRBVI")

PRBVI was incorporated on April 29, 2008 in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.

On May 14, 2008, GEBVI made investment in and was allotted 1,000 shares representing 100% interest of PRBVI. PRBVI remained a wholly owned subsidiary of GEBVI.

Eagle Speed International Limited ("ESBVI")

On July 3, 2007, ESBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 1 share at par US\$1.00 was allotted and issued to ATC Primasia Nominees Limited.

On May 14, 2008, ATC Primasia Nominees Limited transferred 1 share of ESBVI to GEBVI for a consideration of US\$1.00 and further 999 shares credited as fully paid were allotted and issued to GEBVI. Following completion of the share transfer and allotment, GEBVI remained the sole shareholder of 1,000 shares of ESBVI holding 100% interest of ESBVI.

Nice Bright Limited ("NBBVI")

On April 15, 2009, NBBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 1,000 shares at par US\$1.00 were allotted and issued to GEBVI and NBBVI remained a wholly owned subsidiary of GEBVI.

Greens Overseas Holdings Limited ("GOBVI")

On May 8, 2009, GOBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of

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incorporation, 50,000 shares at par US\$1.00 were allotted and issued to the Company and GOBVI remained a wholly owned subsidiary of the Company.

Greens Singapore (BVI) Limited ("GSBVI")

On May 8, 2009, GSBVI was incorporated in the British Virgin Islands as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, 50,000 shares at par US\$1.00 were allotted and issued to the Company and GSBVI remained a wholly owned subsidiary of GOBVI.

Greens Marine Engineering (HK) Limited ("GMHK")

On April 17, 2008, GMHK was incorporated in Hong Kong as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, 1 share was allotted and issued to GMBVI credited as fully paid and GMHK remained a wholly owned subsidiary of GMBVI.

Greens Power Equipment (HK) Limited ("GPHK")

On April 17, 2008, GPHK was incorporated in Hong Kong as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, 1 share was allotted and issued to GPBVI credited as fully paid and GPHK remained a wholly owned subsidiary of GPBVI.

Greens Thermal Equipment (HK) Limited ("GTHK")

On April 17, 2008, GTHK was incorporated in Hong Kong as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, 1 share was allotted and issued to GTBVI credited as fully paid and GTHK remained a wholly owned subsidiary of GTBVI.

Greens Energy Environmental (Baicheng) Limited ("Baicheng (HK)")

On May 21, 2008, Baicheng (HK) was incorporated in Hong Kong as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, 1,000 shares were allotted and issued to PRBVI credited as fully paid and Baicheng (HK) remained a wholly owned subsidiary of PRBVI.

Greens Energy Environmental (Pingxiang) Limited ("Pingxiang (HK)")

On May 21, 2008, Pingxiang (HK) was incorporated in Hong Kong as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, 1,000 shares were allotted and issued to ESBVI credited as fully paid and Pingxiang (HK) remained a wholly owned subsidiary of ESBVI.

Greens New Energy Limited ("GNE (HK)")

On May 18, 2009, GNE (HK) was incorporated in Hong Kong as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, 1 share was allotted and issued to NBBVI credited as fully paid and GNE (HK) remained a wholly owned subsidiary of NBBVI.

Greens Power Limited ("Greens UK")

On June 6, 2008, Mr. Ellis transferred all 491,001 shares of Greens UK to Mega Smart in consideration of allotment and issuance of further 900 shares of Mega Smart to Mr. Ellis. Following completion of the share transfer, Greens UK became a wholly owned subsidiary of Mega Smart.

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Shanghai Greens Marine Engineering Co. Ltd. ("SGME")

On May 19, 2008, Greens UK transferred 100% equity interest in SGME to GMHK for a consideration of US\$140,000. Following completion of equity transfer which took place on June 19, 2008, SGME became a wholly owned subsidiary of GMHK.

Shanghai Greens Thermal Equipment Co. Ltd. ("SGTE")

On May 19, 2008, Greens UK transferred 51% equity interest in SGTE to GTHK for a consideration of US\$918,000. Following completion of the equity transfer which took effect on June 20, 2008, GTHK became the equity owner of 51% equity interest of SGTE and GTE remained the equity owner of 49% equity interest of SGTE.

Greens Power Equipment (China) Co. Ltd. ("GPEL")

On April 25, 2008, Greens UK transferred 100% equity interest in GPEL to GPHK for a consideration of US\$4,520,122.15. Following completion of equity transfer which took place on July 10, 2008, GPEL became a wholly owned subsidiary of GPHK.

Guang'an Guixing Thermal Power Co. Ltd. (廣安桂興熱電有限公司) ("Guang'an Guixing")

On May 8, 2009, Guang'an Guixing was incorporated in the PRC as a wholly foreign owned enterprise with limited liability. The registered capital of Guang'an Guixing was US\$5,000,000 and Pingxiang (HK) was the equity holder holding 100% interest of Guang'an Guixing and Guang'an Guixing remained a wholly owned subsidiary of Pingxiang (HK).

Baicheng Greens Waste-Heat Power Generation Co. Ltd. (拜城格林餘熱發電有限公司) ("Greens Baicheng")

On June 16, 2009, Greens Baicheng was incorporated in the PRC as an wholly foreign owned enterprise with limited liability. The registered capital of Greens Baicheng was US\$5,760,000 and Baicheng (HK) was the equity holder holding 100% interest of Greens Baicheng and Greens Baicheng remained a wholly owned subsidiary of Baicheng (HK).

Greens Marine Engineering (SG) Pte. Ltd.

On 12 June 2009, Greens Marine Engineering (SG) Pte. Ltd. was incorporated as a limited private company in Singapore with 100 shares of S\$1.00 each issued to Greens Singapore (BVI) Limited.

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Tongliao Greens Wind Power Equipment Company Limited (通遼格林風電設備有限公司) (“Tongliao Greens”)

On August 5, 2009, Tongliao Greens was incorporated in the PRC as a sino-foreign joint venture enterprise with limited liability. The registered capital of Tongliao Greens was RMB 60,000,000 and GNE (HK) and Tongliao Boilers Factory Co. Ltd. (通遼鍋爐廠有限責任公司) were the equity holders of Tongliao Greens with their respective equity interest in the proportion of 60% and 40%. Tongliao Greens remained wholly owned by GNE (HK) and Tongliao Boilers Factory Co. Ltd. (通遼鍋爐廠有限責任公司).

Save as set out above and changes in share capital pursuant to the Reorganization as set out in the section headed “Business—History and Reorganisation”, there has been no alteration in the share capital of any of our offshore and PRC subsidiaries within the two years immediately preceding the date of this document.

Information on the PRC subsidiaries

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| i. | Name: | SGME |
| | Nature: | Wholly foreign-owned enterprise with limited liability |
| | Date of Incorporation: | October 30, 2003 |
| | Term: | October 30, 2003 to October 29, 2033 |
| | Total investment as stated in the Certificate of Approval for establishment of Enterprises with Foreign Investment in PRC: | US\$200,000 |
| | Registered capital: | US\$140,000 |
| | Attributable interest of the Group: | 100% |
| | Registered Owner: | GMHK |
| | Approved Scope of Business: | To repair, test and debug the exhaust desulphurization device, the waste heat recovery system, the spiral finned tube and the pin finned tube of marine boilers. |
| | Name of Directors: | Mr. Ellis, Andrew Michael Lyon, Ms. Chen |
| | Legal Representatives: | Mr. Ellis |
| ii. | Name: | GPEL |
| | Nature: | Wholly foreign-owned enterprise with limited liability |
| | Date of Incorporation: | January 17, 2007 |
| | Term: | January 17, 2007 to 16 January 2057 |
| | Total investment as stated in the Certificate of Approval for establishment of Enterprises with Foreign Investment in PRC: | US\$90,000,000 |
| | Registered capital: | US\$30,000,000 |
| | Attributable interest of the Group: | 100% |
| | Registered Owner: | GPHK |
| | Approved Scope of Business: | To design and manufacture power station boilers and components, the desulphurization and denitration equipments for the industrial boilers, the marine boilers and the pressure vessels (the foregoing mentioned boilers and pressure vessels do not include those eliminated products specified in the “Guidance Note for the Industry Structural Adjustment (Version 2005)”, and to provide the related technical support and after-sale services; to engage in the import and export of goods and technologies (excluding the sub-distribution of imported and exported goods or goods and technologies that are limited or prohibited to be imported and exported). |
| | Name of Directors: | Mr. Ellis, Andrew Michael Lyon, Ms. Chen, Mr. Xie and Li Qi |
| | Legal Representatives: | Mr. Ellis |

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| iii. | <p>Name: SGTE</p> <p>Nature: Wholly foreign-owned enterprise with limited liability</p> <p>Date of Incorporation: April 30, 2003</p> <p>Term: April 30, 2003 to April 29, 2033</p> <p>Total investment as stated in the Certificate of Approval for establishment of Enterprises with Foreign Investment in PRC: US\$2,500,000</p> <p>Registered capital: US\$1,800,000</p> <p>Attributable interest of the Group: 100%</p> <p>Registered Owner: GTHK (51%) and GTE (49%)</p> <p>Approved Scope of Business: "To manufacture the desulphurization equipments for the thermal power stations, the desulphurization and denitration equipments for the industrial boilers; to sell its own manufactured products and to provide related technical support and the after-sale services".</p> <p>Name of Directors: Mr. Ellis, Andrew Michael Lyon, Ms. Chen, Mr. Xie and Li Qi</p> <p>Legal Representatives: Mr. Ellis</p> |
| iv. | <p>Name: Guang'an Guixing</p> <p>Nature: Wholly foreign-owned enterprise with limited liability</p> <p>Date of Incorporation: May 8, 2009</p> <p>Term: May 8, 2009 to February 28, 2039</p> <p>Total investment as stated in the Certificate of Approval for establishment of Enterprises with Foreign Investment in PRC: US\$7,500,000</p> <p>Registered capital: US\$5,000,000</p> <p>Attributable interest of the Group: 100%</p> <p>Registered Owner: Pingxiang (HK)</p> <p>Approved Scope of Business: To construct and operate the new waste heat power generation system for the dry spinning furnace cement production line of Guang'an Guixing Cement Co. Ltd.</p> <p>Name of Directors: Mr. Ellis, Mr. Xie, Ms. Chen and Mr. He Zhendong</p> <p>Legal Representatives: Mr. Ellis</p> |
| v. | <p>Name: Greens Baicheng</p> <p>Nature: Wholly foreign-owned enterprise with limited liability</p> <p>Date of Incorporation: June 16, 2009</p> <p>Term: June 15, 2015</p> <p>Total investment as stated in the Certificate of Approval for establishment of enterprises with Foreign Investment in PRC: US\$14,400,000</p> <p>Registered capital: US\$5,760,000</p> <p>Attributable interest of the Group: 100%</p> <p>Registered Owner: Baicheng (HK)</p> <p>Approved Scope of Business: To recycle waste heat, generate power by using waste heat and conduct management business (the foregoing mentioned which requires specific governmental approvals should have obtained such approvals before production or operation, and the actual projects should be in accordance with the specifications stated on the approvals)</p> <p>Name of Directors: Mr. Ellis, Mr. Xie, Ms. Chen and Mr. He Zhendong</p> <p>Legal Representative: Mr. Ellis</p> |

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vi. Name:	Tongliao Greens
Nature:	Sino-foreign joint venture enterprise with limited liability
Date of Incorporation:	August 5, 2009
Term:	August 5, 2009 to August 4, 2029
Total investment as stated in the Certificate of Approval for establishment of enterprises with Foreign Investment in the PRC:	RMB 90,000,000
Registered Capital:	RMB 60,000,000
Attributable interest of the Group:	60%
Registered Owner:	GNE (HK) and Tongliao Boilers Factory Co. Ltd. (通遼鍋爐廠有限責任公司)
Approved Scope of Business:	“To manufacture wind towers for wind power generation, to sell its own manufactured products and to provide related technical support and after-sale services, to conduct research and development activities in relation to wind power generation products”.
Name of Directors:	Mr. Ellis, Mr. Xie, Ms. Chen, Ms. He Fengying and Mr. Li Jibing
Legal Representatives:	Mr. Ellis

5. Corporate reorganization

Please refer to the section “Business—History and Reorganization” in this document for details of the Corporate Reorganization.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

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

- (a) a share subscription agreement dated April 25, 2008 entered into between China Fund Limited as investor, Mr. Ellis, Union Rise and Crown Max together as warrantors and the Company, pursuant to which the investor agreed to subscribe for the 5,000 shares of the Company in cash at a total subscription price of HK\$224,000,000, and the Company and the warrantors agreed to give undertakings and warranties under the share subscription agreement in favour of the investor;
- (b) a fixed and floating charge by Greens UK as chargor in favour of China Fund Limited as chargee dated April 25, 2008 whereby Greens UK charged all secured property thereunder in favour of China Fund Limited;
- (c) a fixed and floating charge by GTE as chargor in favour of China Fund Limited as chargee dated April 25, 2008 whereby GTE charged all secured property thereunder in favour of China Fund Limited;
- (d) an equity transfer agreement dated April 25, 2008 entered into between Greens UK and Greens Power Equipment (HK) Limited whereby Greens Power Equipment (HK) Limited acquired 100% equity interest in GPEL from Greens UK for a consideration of US\$4,520,122.15;
- (e) a cooperation agreement dated May 4, 2008 entered into between GPEL and Xinjiang International Coal-burnt Co. Ltd. (新疆國際煤焦化有限責任公司) in relation to power generation project by waste heat in the Xin Jiang province, PRC;
- (f) an equity transfer agreement dated May 19, 2008 entered into between Greens UK and Greens Marine Engineering (HK) Limited whereby Greens Marine Engineering (HK) Limited acquired 100% equity interest in SGME from Greens UK for a consideration of US\$140,000;

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- (g) an equity transfer agreement dated May 19, 2008 entered into between Greens UK and Greens Thermal Equipment (HK) Limited whereby Greens Thermal Equipment (HK) Limited acquired 51% equity interest in SGTE from Greens UK for a consideration of US\$918,000;
- (h) an amended and restated share subscription agreement dated May 23, 2008 entered into between China Fund Limited as investor, Mr. Ellis, Union Rise, Crown Max together as warrantors and the Company, pursuant to which certain amendments were made to the share subscription agreement dated April 25, 2008;
- (i) an agreement dated May 28, 2008 entered into between the Company and Mr. Ellis in relation to the sale and purchase of Silver Park from Mr. Ellis to the Company;
- (j) a mutual cancellation of contract dated July 8, 2008 entered into between Greens UK and Hailu, pursuant to which the parties thereto agreed to terminate a joint venture contract dated November 29, 2002 entered into between the parties for the setting up GSz and Hailu agreed to purchase the shares held by Greens UK for a consideration of RMB 5,000,000;
- (k) a share right transfer agreement dated July 12, 2008 entered into between Greens UK and Hailu in relation to the transfer of 49% equity interest in GSz by Greens UK to Hailu for a consideration of RMB 5,000,000;
- (l) a shareholders' agreement dated August 1, 2008 entered into between Mr. Ellis, Union Rise, Crown Max, China Fund Limited and the Company setting out the rights and obligations of shareholders of the Company;
- (m) a deed of release and discharge by China Fund Limited in favour of Greens UK dated August 1, 2008 in relation to release and discharge of the fixed and floating charge dated April 25, 2008 created by Greens UK;
- (n) a deed of release and discharge by China Fund Limited in favour of GTE dated August 1, 2008 in relation to release and discharge of the fixed and floating charge dated April 25, 2008 created by GTE;
- (o) a supplemental agreement (to amended and restated share subscription agreement dated May 23, 2008) dated December 31, 2008 entered into between China Fund Limited as investor, Mr. Ellis, Union Rise, Crown Max together as warrantors and the Company, pursuant to which certain amendments were made to the amended and restated share subscription agreement dated May 23, 2008;
- (p) a supplemental shareholders' agreement dated December 31, 2008 entered into between Mr. Ellis, Union Rise, Crown Max, China Fund Limited and the Company, pursuant to which certain amendments were made to the shareholders' agreement dated August 1, 2008;
- (q) a cooperation agreement dated April 7, 2009 entered into between Pingxiang (HK) and Sichuan Province Guang'an Guixing Cement Co. Ltd. (四川省廣安桂興水泥有限公司) in relation to the power generation project by waste heat in the Si Chuan province, PRC;
- (r) a tripartite agreement dated April 9, 2009 entered into between Xinjiang International Coal-burnt Co., Ltd (新疆國際煤焦化有限責任公司), GPEL and Baicheng (HK), pursuant to which GPEL transferred all of its rights and obligations under the cooperation agreement dated May 4, 2008 to Baicheng (HK);
- (s) a second supplemental agreement (to amended and restated share subscription agreement dated May 23, 2008) dated May 22, 2009 entered into between China Fund Limited as investor, Mr. Ellis, Union Rise, Crown Max together as warrantors and the Company, pursuant to which certain amendments were made to the amended and restated share subscription agreement dated May 23, 2008;
- (t) a second supplemental shareholders' agreement dated May 22, 2009 entered into between Mr. Ellis, Union Rise, Crown Max, China Fund Limited and the Company, pursuant to which certain amendments were made to the shareholders' agreement dated August 1, 2008;
- (u) a joint venture agreement dated June 5, 2009 entered into between Tongliao Boilers Factory Co. Ltd. (通遼鍋爐廠有限責任公司) and Greens New Energy Limited in relation to the incorporation of Tongliao Greens Wind Power Equipment Co. Ltd. (通遼格林風電設備有限公司);

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- (v) a supplemental agreement dated July 21, 2009 entered into between Baicheng (HK) and Xinjiang International Coal-burnt Co. Ltd. (新疆國際煤焦化有限責任公司), pursuant to which the power generation project by waste heat shall be extended for another half year with a term from February 1, 2009 until July 31, 2015;
- (w) a cancellation agreement dated October 7, 2009 entered into between Pingxiang (HK) and Sichuan Province Guang'an Guixing Cement Co. Ltd. (四川省廣安桂興水泥有限公司) pursuant to which the parties thereto cancelled the cooperation agreement dated April 7, 2009 entered into between the parties thereto in relation to the power generation project by waste heat in the Si Chuan province, PRC;
- (x) a deed of indemnity dated October 19, 2009, executed by Mr. Ellis, Union Rise and Crown Max in favour of the Company (for itself and as trustee for each of its subsidiaries stated therein) containing the indemnities referred to in the paragraph headed “Estate Duty, tax and other indemnities” in this Appendix;

2. Intellectual property rights material to the Group’s business

Trademarks

As of the Latest Practicable Date, the Group has the following registered trademarks

Trademark	Place of Registration	Class	Items covered	Registration Number	Validity period
Greens Economiser	EU	7, 11, 37	Notes 1, 2 and 4	4933511	February 27, 2007 to February 27, 2016
GREEN’S ECONOMISER	PRC	11	Note 5	4975903	October 14, 2008 to October 13, 2018

As of the Latest Practicable Date, the Group has filed the application of the following trademarks:

Trademark	Place of Registration	Class	Items covered	Registration Number	Date of Application
Green’s Economisers	Japan	11	Note 2	100068755	May 19, 2009
格林省煤器	PRC	11	Note 5	5293386	April 17, 2006 (Note 7)
GREENS	HK	7, 11, 37	Notes 1, 2 and 4	301376749	July 3, 2009

As of the Latest Practicable Date, the Group has acquired the following registered trademark from TEiL and intends to file application for the transfer of such trademark:

Trademark	Place of Registration	Class	Items Covered	Registration Number	Validity Period
Econofin	UK	11	Note 2	B1084468	September 30, 1977 to September 30, 2018
E. Green’s Economisers	UK	11, 18	Notes 2 and 3	73421	March 2, 1888 to March 2, 2010
Econofin	Australia	11	Note 2	314069	December 15, 1977 to December 15, 2018
Green’s Economiser	Italy	11	Note 2	1042349	May 29, 1963 to May 29, 2013
DIESECON	South Korea	12	Note 6	4000802330000	January 12, 1982 to January 12, 2012

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Notes:

1. Class 7 includes machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs.
2. Class 11 for trademarks in jurisdictions other than the PRC includes apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.
3. Class 18 includes leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and traveling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.
4. Clause 37 includes building construction; repair; installation services.
5. Class 11 for PRC trademarks includes apparatus for heating; apparatus for heating feedwafer for boilers; heat exchangers (non-machinery components); heat exchangers for pre-heating feedwafer for boilers; heat exchangers using heat from exhaust gases.
6. CLASS 12 (Vehicles) Vehicles; apparatus for locomotion by land, air or water.
7. The application for registration of the trademark “格林省煤器” in the PRC was rejected on November 11, 2008, and the Group filed an application on November 27, 2008 for a review of the refusal decision which was accepted by the Trademark Appeal Board of SAIC on February 2, 2009.

C. FURTHER INFORMATION ABOUT DIRECTORS

1. Particulars of Directors’ service contracts

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from November 6, 2009 until terminated by not less than three months’ notice in writing served by either party on the other. Each of the executive Directors is entitled to their respective basic salaries set out below. Particulars of the service agreements of the executive Directors are in all material respects the same.

Each of the non-executive Directors has entered into a service contract with the Company for a term of three years commencing from November 6, 2009. Each of the independent non-executive Directors is entitled to their respective annual fees set out below. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

2. Remuneration of Directors

The aggregate amount of fee, salaries, housing allowances, other allowances and benefits in kind paid by the Group during the three years ended 31 December 2008 and the five months ended May 31, 2009 was approximately RMB 206,000, RMB 469,000 RMB 1,785,000 and RMB 1,494,000 respectively. The current annual Director’s fees and remuneration of the executive and non-executive Directors are as follows:-

Under the arrangement currently in force, the aggregate amount of emoluments payable by the Group to the Directors for the year ending 31 December 2009 will be approximately RMB 3,500,000.

Further details of the terms of the above service contracts are set out in the paragraph headed “Particulars of service contracts” in the subsection headed “Directors” in this section.

3. Agency fees or commission

Save as disclosed in this document, within two years preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

4. Related party transactions

During the two years immediately preceding the date of this document, our Company has engaged in dealings with certain Directors and their associates as described in Notes 24, 27, 28, 33 and Notes 19, 24 and 27 to the “Notes to the Financial Information” section of the Accountants’ Report set out in Appendices 1A and 1B to this document respectively.

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D. DISCLAIMERS

Save as disclosed herein:

- (a) none of the Directors or experts referred to under the heading "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or experts referred to under the heading "Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (c) none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (d) so far as is known to the Directors, none of the Directors, their respective associates (as defined under the Listing Rules) or shareholders of the Company who are interested in more than 5% of the issued share capital of the Company has any interests in the five largest customers or the five largest suppliers of the Group.

E. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of all shareholders of the Company passed on October 19, 2009.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons ("Eligible Participants"):

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:-
 - (aa) contribution to the development and performance of the Group;

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- (bb) quality of work performed for the Group;
- (cc) initiative and commitment in performing his/her duties; and
- (dd) length of service or contribution to the Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised by the grantee by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of the Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue, being 120,000,000 Shares (the "Scheme Limit"), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). The Board may:

- (i) renew this limit at any time to 10% of the Shares in issue (the "New Scheme Limit") as of the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under applicable rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the "Maximum Limit"). No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph (r) below whether by way of capitalization issue, rights issue, open offer (if there is a price-dilutive element), consolidation, sub-division of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

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(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the "Cancelled Shares")) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required by applicable rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:
 - (aa) the Eligible Participant's name, address and occupation;
 - (bb) the date upon which an offer for an option must be accepted;
 - (cc) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
 - (dd) the number of Shares in respect of which the option is offered;
 - (ee) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
 - (ff) the date of the notice given by the grantee in respect of the exercise of the option;
 - (gg) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and
- (iii) such other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme.

(f) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:-

- (i) representing in aggregate over 0.1% of the Shares in issue; and

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- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by the Company to the Shareholders pursuant to the above paragraph shall contain the following information:-

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting; and
- (iii) the information required under applicable rules.

(h) Restrictions on the times of grant of Options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:-

- (i) the date of the Board meeting for the approval of the Company's results for any year, half-year, quarterly or other interim period; and
- (ii) the deadline for the Company to publish an announcement of the results for any year, or half-year, or quarterly or other interim period,

and ending on the date of actual publication of the results announcement.

(i) Rights are personal to grantee

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme by the shareholders of the Company (the "Adoption Date"). Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date.

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(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:-

- (i) by any reason other than death, ill-health, injury, disability or termination of his relationship with the Company and/or any of its subsidiaries on one of more of the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as of the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as the Company may determine); or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its subsidiaries under paragraph (m) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(m) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(n) Rights on takeover

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(p) Rights on compromise or arrangement between the Company and its members or creditors

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies

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pursuant to the laws of the jurisdiction in which the Company was incorporated, the Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two Business Days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

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

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price-dilutive element), consolidation, subdivision or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option and/or the Scheme Limit, the New Scheme Limit and the Maximum Limit as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with applicable rules. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n) or (o);
- (iii) the date upon which the scheme of arrangement of the Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of the Company;

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- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of the Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date upon which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

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

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in applicable rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted;

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme must still comply with and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

(v) Termination of the Share Option Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

F. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Mr. Ellis, Union Rise and Crown Max (the "Indemnifier") have entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its subsidiaries stated therein) (being the contract referred to in paragraph (x) of the subsection headed "Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis against, among other things, any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by the Company or

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any of its subsidiaries by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in Hong Kong or the PRC or any other relevant jurisdiction as a result or in consequence of any event or transaction occurring on or before November 6, 2009 (the "Relevant Date").

The deed of indemnity also contain indemnities given jointly and severally by the Indemnifiers in respect of taxation resulting from income, profits or gains earned, accrued or received on or before the Relevant Date which might be payable by any member of the Group. The Indemnifiers shall be under no liability under the deed of indemnity in respect of taxation:

- (a) to the extent that provision has been made for such taxation in the combined audited accounts of the Company and Mega Smart as set out in the Accountants' Reports set out in Appendices IA and IB to this document and for each of the three years ended December 31, 2008 and the five months ended May 31, 2009 respectively;
- (b) for which any member of the Group is liable as a result of any event occurring or income or profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Relevant Date;
- (c) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the Relevant Date or carried out, made or entered into pursuant to a legally binding commitment created after the Relevant Date;
- (d) to the extent that such taxation or liability is discharged by another person who is not the Company or any members of the Group and that the Company or such Group member is not required to reimburse such person in respect of the discharge of the taxation or liability; and
- (e) to the extent that the relevant taxation claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Relevant Date or to the extent that such claim arises or is increased by an increase in the rates of taxation after the Relevant Date with retrospective effect.

2. Litigation

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

3. No material adverse change

Save as disclosed in this document, the Directors believe that there has been no material adverse change in our Group's financial or trading position or prospects since May 31, 2009 (being the date on which the latest audited combined financial statements of our Group was made up).

4. Qualification of experts

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

<u>Name of Expert</u>	<u>Qualification</u>
Deloitte Touche Tohmatsu	Certified public accountants
Jingtian & Gongcheng Attorneys at Law	Qualified PRC lawyers
Conyers Dill & Pearman	Cayman Islands barristers and attorneys
DTZ Debenham Tie Leung Limited	Property valuer
Frost & Sullivan Limited	Industry consultant

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10. Consents of experts

Each of Deloitte Touche Tohmatsu, Jingtian & Gongcheng Attorneys at Law, DTZ Debenham Tie Leung Limited, Conyers Dill & Pearman and Frost & Sullivan Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

11. Miscellaneous

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

- i. no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;
- ii. no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- iii. no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
- iv. no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries;

Save as disclosed in this document, there are no founder, management or deferred shares nor any debentures in the Company or any of its subsidiaries that have been issued or agreed to be issued.

None of the persons named in the sub-paragraph headed "Consents of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group;

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since May 31, 2009 (being the date to which the latest audited combined financial statements of the Group were made up);

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by the Companies Ordinance.

13. Promoters

The promoters of our Company are Mr. Ellis, Mr. Xie and Ms. Chen. Save as disclosed in this document, no cash, securities or other benefit had been paid or given within the two immediately preceding years or is intended to be paid or given to any promoter.