

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

Our Company was established as a joint stock limited company in the PRC on February 9, 2010 with a registered capital of RMB 2.0 billion. Prior to the establishment of our Company, our business was operated by HECIC, our Controlling Shareholder, which was incorporated on August 1, 1988 as a state-owned enterprise by the People's Government of Hebei Province.

Our Company has established a place of business at 9th Floor, Block A, Yu Yuan Plaza, No. 9 Yuhua Road West, Shijiazhuang, Hebei Province, the PRC and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Hong Kong Companies Ordinance on June 15, 2010. Ms. Lam Yuen Ling, Eva has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix VIII. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VII.

B. Changes in share capital

At the time of our establishment as the joint stock limited company, our initial registered share capital was RMB 2.0 billion divided into 2 billion Domestic Shares of nominal value of RMB 1.00 each. As at the date of the prospectus, such registered share capital has been fully paid up.

Upon completion of the Global Offering, our share capital will be RMB3,076,900,000 (assuming the Over-Allotment Option is not exercised), consisting of 1,892,310,000 Domestic Shares and 1,184,590,000 H Shares, or RMB3,238,435,000 (assuming the Over-Allotment Option is exercised in full), consisting of 1,876,156,000 Domestic Shares and 1,362,279,000 H Shares.

Save as disclosed in the prospectus, there has been no alteration in our share capital since our establishment.

C. Resolutions of our Shareholders

At extraordinary general meetings of our Company held on February 9, 2010 and September 19, 2010, among other things, the following resolutions were passed by the Shareholders of our Company:

- (a) the issue by the Company of the H Shares of nominal value of RMB1.00 each up to 1,076,900,000 H Shares in total (assuming the Over-allotment Option is not exercised) or 1,238,435,000 H Shares in total (assuming the Over-allotment Option is exercised in full) and such H Shares be listed on the Stock Exchange;
- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date and the Board has been authorised to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities;
- (c) declare and pay the Pre-Establishment Distribution to HECIC;
- (d) pay and distribute the First and Second Special Dividends to our Promoters, HECIC and HECIC Water, according to their respective shareholdings; and
- (e) subject to the completion of the Global Offering, a general mandate to our Board to allot and issue Domestic Shares and H Shares at any time, either separately or concurrently, within a period of up to the

date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association and to file such amendments to the relevant administration bureau for industry and commerce for registration, provided that, the number of Domestic Shares or H Shares to be issued shall not exceed 20% of the aggregate number of each of our Domestic Shares and H Shares in issue, respectively, as of the Listing Date.

D. Our Reorganization

We underwent our Reorganization, details of which are set out in the section headed “History, Reorganization and Corporate Structure.” As confirmed by Jiayuan Law Firm, our PRC legal advisers, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

- On November 9, 2009, Hebei Provincial Government issued an approved document (Ji Zheng Han [2009] No. 128) approving the proposed incorporation of the Company and the proposed overseas listing of the Group;
- On November 12, 2009, Hebei Provincial SASAC issued an approved document (Ji Guo Zi Fa Gai Ge Fa Zhan [2009] No. 198) approving the proposed incorporation of the Company and the proposed listing of the Group in Hong Kong;
- On February 1, 2010, Hebei Provincial SASAC issued an approved document (Ji Guo Zi Fa Chan Quan Gu Quan [2010] No. 14) approving the valuation of the assets underlying the Reorganization; and
- On February 8, 2010, SASAC issued an approved document (Guo Zi Chan Quan [2010] No. 110) approving the state-owned share capital management proposal and the proposed State-owned shareholding upon the incorporation of the Company, being 1.6 billion domestic shares accounting for 80% share capital held by HECIC and 400 million domestic shares accounting for 20% share capital held by HECIC Water.

2. SUBSIDIARIES

The information pertaining to our subsidiaries are listed in the Accountants’ Report set out in Appendix I to this prospectus. The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this prospectus:

- (a) on December 22, 2008, the registered capital of HECIC New-energy was increased from RMB603.9 million to RMB783.9 million, and on July 8, 2009, its registered capital was increased from RMB783.9 million to RMB1,136.3 million, and according to the Board resolutions dated March 5, 2010 and September 19, 2010, its registered capital was further increased from RMB1,136.3 million to 1,836.3 million;
- (b) on May 8, 2009, the registered capital of HECIC Zhongxing Wind Energy was changed from RMB2 million to RMB163 million;
- (c) on August 21, 2007, the registered capital of HECIC Yuzhou Wind Energy was increased from RMB10 million to RMB72.8 million, and on June 26, 2008, the registered capital was increased from RMB72.8 million to RMB91.5 million, and on July 24, 2008, its registered capital was increased from

RMB91.5 million to RMB186 million, and on December 29, 2009, its registered capital was increased from RMB186 million to RMB206 million, and on July 12, 2010, its registered capital was increased from RMB206 million to RMB285 million;

- (d) on April 24, 2008, Zhangbei Huashi CIC Wind Energy was established with a registered capital of RMB6 million, and on November 27, 2009, its registered capital increased from RMB6 million to RMB100 million; and
- (e) on July 14, 2009, the registered capital of Shijiazhuang CIC Natural Gas was increased from RMB10 million to RMB28.1 million.

3. JOINT VENTURES

Our Group includes some joint ventures set up between us and third parties. Information on these joint ventures is set out below.

1. Hebei Weichang Longyuan Wind Power

Parties and equity interest:	HECIC New-energy	50%
	China Longyuan Power Group Corporation Limited	50%
Term of joint venture:	August 25, 2006 to August 24, 2026	
Date of establishment:	August 25, 2006	
Scope of business:	Investment, construction and operation of wind farms; conducting feasibility studies, design and construction works on wind farms; installation of wind turbines, testing, repair and maintenance, sales of electricity, related technology consulting and training	
Nature:	Joint venture	
Paid-up share capital:	RMB187.85 million	
Registered share capital:	RMB187.85 million	

2. Longyuan Jiantou (Chengde) Wind Power

Parties and equity interest:	HECIC New-energy	45%
	China Longyuan Power Group Corporation Limited	30%
	Hero Asia (BVI) Company Limited	25%
Term of joint venture:	March 27, 2009 to March 26, 2029	
Date of establishment:	March 27, 2009	
Scope of business:	Construction and operation of wind farms; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Paid-up share capital:	RMB190.34 million	
Registered share capital:	RMB307.85 million	

3. Longyuan Jiantou (Chengde Weichang) Wind Power

Parties and equity interest:	HECIC New-energy	45%
	China Longyuan Power Group Corporation Limited	30%
	Hero Asia (BVI) Company Limited	25%
Term of joint venture:	March 27, 2009 to March 26, 2029	
Date of establishment:	March 27, 2009	
Scope of business:	Construction and operation of wind farm; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Paid-up share capital:	RMB138.32 million	
Registered share capital:	RMB138.32 million	

4. HECIC Zhongxing Wind Energy

Parties and equity interest:	HECIC New-energy	70%
	Cangzhou Tong Xing He Investment Co., Ltd. (滄州同興和投資股份有限公司)	30%
Term of joint venture:	April 20, 2006 to April 19, 2026	
Date of establishment:	April 20, 2006	
Scope of business:	Construction, ownership, operation and management of wind farms; sale of generated electricity; production and sales of wind power generation equipment; sale of proprietary products consultancy services and training in relation to wind power generation	
Nature:	PRC joint venture	
Paid-up share capital:	RMB163 million	
Registered share capital:	RMB163 million	

5. HECIC Yanshan (Guyuan) Wind Power

Parties and equity interest:	HECIC New-energy	75%
	Hebei Green Energy Limited (燕山新能源有限公司)	25%
Term of joint venture:	March 3, 2009 to March 2, 2034	
Date of establishment:	March 3, 2009	
Scope of business:	Construction, operation and management of wind farms; sales of generated electricity; development of wind power related technical training, services, research and development, technological cooperation, personnel training and engineering services; development of environmentally friendly electricity, energy saving and renewable energy technologies and equipment; operation and maintenance of transformer station equipment and high and low voltage equipment	
Nature:	Sino-foreign joint venture	
Paid-up share capital:	RMB160 million	
Registered share capital:	RMB220 million	

6. HECIC Yuzhou Wind Energy

Parties and equity interest:	HECIC New-energy	55.92%
	Hebei Huarui Energy Group Co., Ltd. (河北華瑞能源集團有限公司)	44.08%
Term of joint venture:	January 18, 2007 to January 18, 2027	
Date of establishment:	January 18, 2007	
Scope of business:	Investment, construction and operation of wind farms; survey and design of wind farms; production, testing and maintenance of wind power generation equipment; electricity generation and sales, and consultation services in relation wind power	
Nature:	PRC joint venture	
Paid-up share capital:	RMB206 million	
Registered share capital:	RMB285 million	

7. Hebei Jiantou Longyuan Chongli Wind Energy

Parties and equity interest:	HECIC New-energy	50%
	China Longyuan Power Group Corporation Limited	50%
Term of joint venture:	March 26, 2007 to March 25, 2027	
Date of establishment:	March 26, 2007	
Scope of business:	Investment, construction and operation of wind farms; survey and design of wind farms; installation, testing and maintenance of wind power general equipment; sales of electricity generated; consultation and training in relation to related technologies	
Nature:	PRC joint venture	
Paid-up share capital:	RMB90 million	
Registered share capital:	RMB90 million	

8. Chongli CIC Huashi Wind Energy

Parties and equity interest:	HECIC New-energy	51%
	Beijing Hua Shi	49%
Term of joint venture:	March 26, 2008 to March 26, 2028	
Date of establishment:	March 26, 2008	
Scope of business:	Construction, ownership, operation and management of wind farms; production of wind power generation equipment; sales of self-produced products; consultation and training in relation to relevant technologies	
Nature:	PRC joint venture	
Paid-up share capital:	RMB98.6 million	
Registered share capital:	RMB98.6 million	

9. Lingqiu CIC Hengguan Wind Energy

Parties and equity interest:	HECIC New-energy	55%
	Hebei Hengguan Power Development Co., Ltd. (河北衡冠電力開發有限公司)	45%
Term of joint venture:	June 18, 2010 to June 17, 2011	
Date of establishment:	July 18, 2008	
Scope of business:	Construction, ownership, operation and management of wind farms, and sales of generated electricity; production of wind power generation equipment, sales of self-produced products, consulting services and training in relation to wind power generation	
Nature:	PRC joint venture	
Paid-up share capital:	RMB40 million	
Registered share capital:	RMB40 million	

10. Zhangbei Huashi CIC Wind Energy

Parties and equity interest:	HECIC New-energy	49%
	Beijing Hua Shi	48%
	Lang Fang Developmental Area Hua Dian Environmental Protection Technology Co., Ltd.	3%
Term of joint venture:	April 24, 2008 to April 24, 2028	
Date of establishment:	April 24, 2008	
Scope of business:	Construction, operation and management of wind farms; sale of generated electricity; production and sale of wind power equipment; consulting services and training in relation to wind farms	
Nature:	PRC joint venture	
Paid-up share capital:	RMB35 million	
Registered share capital:	RMB100 million	

11. Chengde Yuyuan Wind Energy

Parties and equity interest:	HECIC New-energy	60%
	Chengde Urban Construction Investment Co., Ltd. (承德市城市建設投資有限公司)	40%
Term of joint venture:	April 6, 2010 to April 5, 2035	
Date of establishment:	April 6, 2010	
Scope of business:	Investment, planning, development and construction of wind farms, and technology communication, development and consulting services in relation to new energy	
Nature:	PRC joint venture	
Paid-up share capital:	RMB10 million	
Registered share capital:	RMB10 million	

12. Zhangbei CIC Huashi Wind Energy

Parties and equity interest:	HECIC New-energy	51%
	Beijing Hua Shi	49%
Term of joint venture:	July 13, 2010 to July 13, 2030	
Date of establishment:	July 13, 2010	
Scope of business:	Construction, operation and management of wind farm; sale of generated electricity (not allowed before obtaining prior approval from the competent national authority); consultation, services and training in relation to wind farms	
Nature:	PRC joint venture	
Paid-up share capital:	RMB20 million	
Registered capital:	RMB90 million	

13. Hebei Natural Gas

Parties and equity interest:	The Company	55%
	HK & China Gas (Hebei)	45%
Term of joint venture:	April 27, 2001 to December 20, 2055	
Date on which the company converts into a joint venture:	December 21, 2005	
Date of establishment:	April 27, 2001	
Scope of business:	Construction and operation of basic facilities in relation to the utilization of natural gas as energy in Hebei Province, including natural gas pipelines, liquid and compressed natural gas facilities etc.	
Nature:	Sino-foreign joint venture	
Paid-up share capital:	RMB220 million	
Registered share capital:	RMB220 million	

14. Handan CIC Natural Gas

Parties and equity interest:	Hebei Natural Gas	70%
	Handan City Century Development and Construction Co., Ltd. (邯鄲市世紀開發建設有限公司)	30%
Term of joint venture:	November 21, 2007 to November 20, 2057	
Date of establishment:	November 21, 2007	
Scope of business:	Construction of gas delivery projects and pipelines, construction and operation of liquefied and compressed natural gas businesses and mature pipeline projects in the eastern district of Handan Development District	
Nature:	PRC joint venture	
Paid-up share capital:	RMB10 million	
Registered share capital:	RMB10 million	

15. Chengde City CIC Natural Gas

Parties and equity interest:	Hebei Natural Gas	90%
	Chengde City Construction Investment Co., Ltd. (承德市建設投資有限責任公司)	10%
Term of joint venture:	June 15, 2009 to June 14, 2059	
Date of establishment:	June 15, 2009	
Scope of business:	Investment and consultation services in relation to municipal gas projects; wholesale, retail and after-sale service of gas appliance (operated by branch offices only)	
Nature:	PRC joint venture	
Paid-up share capital:	RMB20 million	
Registered share capital:	RMB50 million	

16. Ningjin CIC Natural Gas

Parties and equity interest:	Hebei Natural Gas	51%
	Ningjin Green Energy Natural Gas Co., Ltd. (寧晉縣綠能天然氣有限責任公司)	49%
Term of joint venture:	May 17, 2010 to May 16, 2060	
Date of establishment:	May 17, 2010	
Scope of business:	Construction and installation of natural gas pipeline; wholesale and retail sale of gas appliance	
Nature:	PRC joint venture	
Paid up share capital:	RMB10 million	
Registered share capital:	RMB10 million	

All sales, assignments or transfers of registered share capital in the above joint ventures are subject to pre-emptive rights of the joint venture partners set out in the joint venture contracts and the articles of association. The entitlements of joint venture partners to profits, dividends and other distributions of the above joint ventures are proportionate to their capital contribution ratios.

Upon expiry of the joint venture, the joint venture partners shall be entitled to the distributable assets proportionate to their capital contribution ratios. The number of representatives of each joint venture partner at the board of the relevant joint venture is determined through negotiation between the joint venture partners of that joint venture with reference to their respective capital contribution.

4. FURTHER INFORMATION ABOUT OUR BUSINESS**A. Summary of our material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material:

- (a) the Reorganization Agreement dated February 26, 2010 between the Company, HECIC and HECIC Water regarding the Reorganization as described in the section headed “History, Reorganization and Corporate Structure” in this prospectus;

- (b) the Non-Competition Agreement dated September 19, 2010 between the Company and HECIC, further details of which are set out in the section headed “Relationship with HECIC” in this prospectus;
- (c) the Hong Kong Underwriting Agreement dated September 29, 2010 between the Company, HECIC, Macquarie, Morgan Stanley and the Hong Kong Underwriters, further details of which are set out in the section headed “Underwriting” in this prospectus;
- (d) the shareholders voting agreement between HECIC New-energy, Beijing Hua Shi, Lang Fang Developmental Area Hua Dian Environmental Protection Technology Co., Ltd. dated November 30, 2009 regarding the ownership and control of Zhangbei Huashi CIC Wind Energy;
- (e) the shareholders voting agreement between HECIC New-energy, Hebei Hengguan Power Development Co., Ltd. and Hebei Yi Xin Yuan Energy Technology Co., Ltd. dated October 20, 2009 regarding the ownership and control of Lingqiu CIC Hengguan Wind Energy;
- (f) the shareholders voting agreement between HECIC New-energy and Hebei Hua Rui Energy Group Co., Ltd. dated November 30, 2009 regarding the ownership and control of HECIC Yuzhou Wind Energy;
- (g) the shareholders voting agreement between HECIC New-energy and Beijing Hua Shi dated November 30, 2009 regarding the ownership and control of Chongli CIC Huashi Wind Energy;
- (h) the short-term financial bonds underwriting agreement between HECIC New-energy and China Minsheng Banking Corp., Ltd. dated July 23, 2009 regarding the issuance of the short-term financial bonds by HECIC New-energy;
- (i) the shareholders voting agreement between HECIC New-energy, China Longyuan Power Group Corporation Limited and Hero Asia (BVI) Company Limited dated September 7, 2009, regarding the ownership and control of Longyuan Jiantou (Chengde) Wind Power;
- (j) the shareholders voting agreement between HECIC New-energy and Chengde Urban Construction Investment Co., Ltd. dated March 9, 2010, regarding the ownership and control of Chengde Yuyuan Wind Energy;
- (k) the shareholders voting agreement between HECIC New-energy, China Longyuan Power Group Corporation Limited and Hero Asia (BVI) Company Limited dated September 7, 2009, regarding the ownership and control of Longyuan Jiantou (Chengde Weichang) Wind Power;
- (l) the equity transfer agreement between HECIC New-energy and Hebei Yi Xin Yuan Energy Technology Co., Ltd. dated September 2, 2009 regarding the acquisition by HECIC New-energy of certain interests in HECIC Yuzhou Wind Energy;
- (m) the equity transfer agreement between HECIC New-energy and Hebei Yi Xin Yuan Energy Technology Co., Ltd. dated October 28, 2009 regarding the acquisition by HECIC New-energy of certain interests in Lingqiu CIC Hengguan Wind Energy;
- (n) the joint venture agreement and its supplemental agreement between HECIC New-energy, Hero Asia (BVI) Company Limited and China Longyuan Power Group Corporation Limited regarding Longyuan Jiantou (Chengde Weichang) Wind Power dated March 5, 2009 and July 20, 2009, respectively;
- (o) the joint venture agreement and its supplemental agreement between HECIC New-energy, Hero Asia (BVI) Company Limited and China Longyuan Power Group Corporation Limited regarding Longyuan Jiantou (Chengde) Wind Power dated March 5, 2009 and July 20, 2009, respectively;

- (p) the joint venture agreement between HECIC New-energy and Hebei Green Energy Limited regarding HECIC Yanshan (Guyuan) Wind Power dated December 2008;
- (q) the joint venture agreement between Hebei Natural Gas and Ningjin Green Energy Natural Gas Co., Ltd. regarding Ningjin CIC Natural Gas dated August 4, 2009; and
- (r) the joint venture agreement between HECIC New-energy and Beijing Huashi regarding Zhangbei CIC Huashi Wind Energy Co., Ltd. dated May 25, 2010.




B. Our intellectual property rights

Patents



As at the Latest Practicable Date, we do not have any registered patents in the PRC.

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Name of registered owner	Class	Registration number	Registration period
1.		Hebei Natural Gas	39	3179906	August 28, 2003 to August 27, 2013
2.		Hebei Natural Gas	4	3179905	August 7, 2003 to August 6, 2013
3.		Hebei Natural Gas	39	3179903	January 28, 2004 to January 27, 2014

On September 19, 2010, our Company and HECIC entered into a trademark licence agreement. Pursuant to this agreement, HECIC agreed to grant to our Company a non-exclusive licence to use the following trademarks which are registered by HECIC in Hong Kong.

No.	Trademark	Name of registered owner	Class	Registration number	Registration period
1.		HECIC	11, 36, 37, 39, 40 and 43	301520027	January 12, 2010 to January 11, 2020
2.		HECIC	11, 36, 37, 39, 40 and 43	301520018	January 12, 2010 to January 11, 2020

5. DISCLOSURE OF INTERESTS

A. Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the following persons will have an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

<u>Shareholder</u>	<u>Number of Shares held after the Global Offering</u>	<u>Nature of interest</u>	<u>Approximate percentage of shareholding in the relevant class of Shares after the Global Offering⁽¹⁾</u>	<u>Approximate percentage of shareholding in the total share capital of the Company after the Global Offering⁽²⁾</u>
HECIC	1,513,848,000 Domestic Shares	Beneficial interest and interest of controlled corporation	100%	49.2%
HECIC Water . . .	378,462,000 Domestic Shares	Beneficial interest	20%	12.3%

Notes:

- (1) The calculation is based on the percentage of shareholding in Domestic Shares (as applicable) of the Company after the Global Offering.
 (2) The calculation is based on the total number of 3,076,900,000 Shares in issue after the Global Offering (assuming the Over-allotment Option is not exercised).

B. Disclosure of the Directors' and Supervisors' interests in the registered capital of associated corporations of the Company

Immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of the Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the 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 SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

C. Particulars of service contracts

Each of the Directors entered into a service contract with our Company on September 19, 2010. The principal particulars of these service agreements are (a) for a term of three years commencing from the respective dates of appointment and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Each of the Supervisors has entered into a service contract with our Company on September 19, 2010. The principal particulars of these service agreements are (a) for a term of three years commencing from the respective

dates of appointment and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

D. Directors' and Supervisors' remuneration

The aggregate remuneration paid and benefits in kind granted to the Directors and the Supervisors in respect of each of the three years ended December 31, 2007, 2008 and 2009 and the three-month period ended March 31, 2010 were approximately RMB 0.4 million, RMB 0.8 million, RMB 0.8 million and RMB 0.1 million, respectively. Save as disclosed under Note 9 to the financial statements in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2007, 2008 and 2009.

Under the current arrangements, the Directors will be entitled to receive compensation (including remuneration (excluding performance related bonuses) and benefits in kind) from our Company for the year ending December 31, 2010, which is expected to be approximately RMB 0.9 million in aggregate.

Under the current arrangements, the Supervisors will be entitled to receive compensation (including remuneration (excluding performance related bonuses) and benefits in kind) from our Company for the year ending December 31, 2010, which is expected to be nil in aggregate.

E. Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

F. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting" in this prospectus, 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 within the two years preceding the date of this prospectus.

G. Related party transactions

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in Note 34 to the financial statements in the Accountants' Report set out in Appendix I to this prospectus.

H. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors, Supervisors or chief executive of our Company has any interests and/or short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the 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 SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

- (b) none of the Directors or Supervisors nor any of the parties listed in the paragraph headed “Qualification of experts” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
- (c) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange; save as disclosed in this prospectus, none of the Directors or Supervisors nor any of the parties listed in paragraph headed “Qualification of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) none of the parties listed in the paragraph headed “Qualification of experts” of this Appendix:
 - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (e) none of the Directors or Supervisors or their respective associates or any Shareholders of our Company (who to the knowledge of the Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

B. Litigation

Save as disclosed in “Business — Legal Compliance and Proceedings,” as at the Latest Practicable Date, our Company is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

C. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

D. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$300,000. All preliminary expenses and all expenses relating to the Global Offering will be borne by the Company.

E. Qualification of experts

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

<u>Name</u>	<u>Qualification</u>
Macquarie Capital Securities Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants
Jones Lang LaSalle Sallmanns Limited	Property valuers
Jiayuan Law Firm	PRC legal advisers
Mott MacDonald Limited	Independent technical consultant

F. No material adverse change

The Directors confirm that there has been no material adverse change in our financial or trading position since March 31, 2010.

G. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

H. Bilingual Document

The English language and Chinese language version of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

I. Miscellaneous

- (a) save as disclosed in this prospectus, within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) the Company has no outstanding convertible debt securities or debentures;
- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of the Company;
- (f) there is no arrangements under which future dividends are waived or agreed to be waived;
- (g) there has been no interruptions in our business which may have or have had a significant effect on the financial position in the last 12 months; and

- (h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought. We currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

J. Consents

Each of the experts as referred to in the paragraph headed “Qualification of experts” in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A and 44E of the Hong Kong Companies Ordinance so far as applicable.

K. Promoters

The promoters of our Company are HECIC and HECIC Water.

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 to the promoters named above in the related transactions described in this prospectus.