

OUR INVESTORS

Beginning in November 2006 and at various times during the Track Record Period certain investors have purchased and subscribed for shares and subscribed for convertible or exchangeable bonds issued by China ITS Co., Ltd. and our Company. In particular, ML GCRE, an affiliate of our Joint Sponsor, Merrill Lynch Far East, together with CCBIAM, Baring, CMTF, IGC Asia, Baytree, GE Capital, Intel Capital, Greater China and Future Choice invested in China ITS Co., Ltd. or our Company as a financial investment to enhance their respective shareholders value and, in some cases for strategic reasons. In addition, CCBIAM and Baytree subscribed for bonds issued by China ITS Co., Ltd. exchangeable into Shares and Baytree also extended a short-term loan to China ITS Co., Ltd. The terms of each are described in further detail below “—Principal Terms of the Exchangeable Bonds” and “—Principal Terms of the Loan Agreement.”

The below table sets forth a summary of the investments such investors made in China ITS Co., Ltd.:

Investor	Security	Date of Completion of Investment	Ordinary Shares	Investment Amount ⁽¹⁾	Price per Share	Discount from Mid-point of Offer Price Range
CCBIAM	Convertible bonds	Nov. 14, 2006	N/A ⁽²⁾	HK\$108,846,230	HK\$0.81 ⁽³⁾	76.0%
ML GCRE ⁽⁴⁾	Ordinary shares	Nov. 27, 2007	9,921,416	HK\$11,060,970	HK\$1.12	66.8%
Baring	Ordinary shares	Nov. 27, 2007	21,654,024	HK\$31,060,866	HK\$1.43	57.6%
CCBIAM	Exchangeable bonds	Dec. 18, 2008 ⁽⁶⁾	N/A	HK\$226,440,000	Offer Price ⁽⁵⁾	N/A
Baytree	Exchangeable bonds	Mar. 5, 2010	N/A	HK\$85,388,600	Offer Price ⁽⁵⁾	N/A

Notes:

- (1) Where investment amounts were originally denominated in currencies other than HK\$, convenience translations have been made as of the date of the investment.
- (2) CCBIAM subsequently converted the full principal amount of the convertible bonds into 134,955,614 ordinary shares of China ITS Co., Ltd. (giving effect to the share split of China ITS Co., Ltd. on November 19, 2007), sold 71,281,176 of such ordinary shares to ML GCRE on November 27, 2007, converted the remaining 63,674,438 ordinary shares into Shares on June 19, 2008 and sold 31,837,219 of such Shares to China ITS Co., Ltd. on December 28, 2009.
- (3) Price per share is calculated based upon HK\$51.4 million, or 47.2% of CCBIAM’s total investment amount, for 63,674,438 Shares received by CCBIAM upon the transfer of its then remaining 63,674,438 ordinary shares of China ITS Co., Ltd. on June 19, 2008. The 63,674,438 ordinary shares held by CCBIAM on that date represented 47.2% of CCBIAM’s initial equity holding in China ITS Co., Ltd.
- (4) In addition, ML GCRE acquired 71,281,176 shares of China ITS Co., Ltd. from CCBIAM for a consideration of HK\$105,417,277.
- (5) The number of Shares into which the CCBIAM and Baytree Exchangeable Bonds will be exchanged will be determined by the terms thereof (as described below). Based upon the mid-point of the price range set forth on the cover of this prospectus, the Exchangeable Bonds held by CCBIAM would be exchanged for 57,076,886 Shares and the Exchangeable Bonds held by Baytree would be exchanged for 54,790,023 Shares.
- (6) Subscription of the first tranche of the CCBIAM Exchangeable Bonds in the principal amount of RMB107,000,000 was completed on December 18, 2008. Subscription of the second and the third tranche in the principal amount of RMB31,000,000, respective, was completed on February 3, 2009. Subscription of the fourth tranche in the principal amount of RMB31,000,000, was completed on March 5, 2009.

Prior to the transfer of shareholdings in the Company to each of CCBIAM, ML GCRE and Baring in consideration for their ordinary shares of China ITS Co., Ltd., China ITS Co., Ltd. received an aggregate HK\$150,968,066.38 in proceeds from these investments. Such proceeds were fully utilized by China ITS Co., Ltd. on general working capital and to finance the Reorganization of the Group. Aggregate proceeds of HK\$311,828,600 were received by China ITS Co., Ltd. subsequent to the transfer of shareholdings in the Company, of which HK\$120.0 million was used for the purchase of Shares from ML GCRE and the remainder was extended as loans to the individual shareholders of China ITS Co., Ltd. for personal use.

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The below table sets forth a summary of the investments such investors made in Company:

Investor	Type of Investment	Date of Completion of Investment	Shares	Investment ⁽¹⁾ Amount	Price per Share	Discount from Mid-point of Offer Price Range
CMTF ⁽²⁾	Share subscription	Apr. 23, 2009	59,798,423	HK\$136,392,075	HK\$2.28	32.4%
IGC Asia ⁽³⁾	Share purchase	Aug. 5, 2009	31,837,219	HK\$74,402,880	HK\$2.33	31.0%
Baytree	Share subscription	Mar. 5, 2010	67,950,747	HK\$197,946,300	HK\$2.91	13.8%
GE Capital	Share subscription	Mar. 5, 2010	22,704,139	HK\$62,100,800	HK\$2.74	18.8%
Intel Capital	Share subscription	Mar. 5, 2010	13,323,676	HK\$38,813,000	HK\$2.91	13.8%
Greater China ⁽⁴⁾	Share purchase	Mar. 5, 2010	6,661,838	HK\$19,406,500	HK\$2.91	13.8%
Greater China	Share subscription	Mar. 5, 2010	6,661,838	HK\$19,406,500	HK\$2.91	13.8%
Future Choice	Share subscription	Mar. 5, 2010	13,323,676	HK\$38,813,000	HK\$2.91	13.8%

Notes:

- (1) Where investment amounts were denominated in currencies other than HK\$, convenience translations have been made as of the date of the investment.
- (2) On April 23, 2009, CMTF Private Equity One (through its nominee Top Paragon Holdings Limited) and CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio (through its nominee Top Result Holdings Limited), subscribed, for an aggregate 59,798,423 Shares for a consideration of HK\$136,392,075.
- (3) On August 5, 2009, IGC Asia purchased, through two investment holding subsidiaries of Investor AB, an aggregate of 31,837,219 Shares from China ITS Co., Ltd. for a consideration of HK\$74,402,880.
- (4) On March 5, 2010, Greater China purchased 6,661,838 Shares from Baring for a consideration of HK\$19,406,500.

The Company received an aggregate of HK\$493.5 million in proceeds from these investments. Such proceeds have been spent on general working capital for the Company and as of the Latest Practicable Date, we have utilized 21.7% of such proceeds on capital injection into our subsidiaries and expenses related to our Listing. The unutilized proceeds will be used as continuous capital injection into our PRC subsidiaries for working capital and operating expenses.

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The below table sets forth a summary of the current holdings of such investors in the Company:

<u>Investor⁽¹⁾</u>	<u>Number of Shares</u>	<u>Ownership Percentage Immediately Prior to Completion of the Global Offering</u>	<u>Ownership Percentage Immediately After Completion of the Global Offering⁽²⁾</u>
CCBIAM	31,837,219	2.3578%	4.3599%
Baring	14,992,186	1.1103%	0.6445%
CMTF ⁽³⁾	59,798,423	4.4285%	3.8572%
IGC Asia	31,837,219	2.3578%	2.0536%
Baytree	67,950,747	5.0323%	11.3961%
GE Capital	22,704,139	1.6814%	1.4645%
Intel Capital	13,323,676	0.9867%	0.8594%
Greater China	13,323,676	0.9867%	0.8594%
Future Choice	13,323,676	0.9867%	1.7379%
Total	269,090,961	19.9283%	27.2326%

Notes:

- (1) On January 5, 2009, ML GCRE sold all of its Shares to China ITS Co., Ltd. and is no longer shareholder of the Company or China ITS Co., Ltd.
- (2) Assuming (i) an Offer Price at the low end of the indicative offer price range at HK\$2.85 per Share, and (ii) the Over-allotment Option is not exercised; and reflecting (x) full exchange of the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds, (y) Shares sold by CCBIAM and Baring in the Global Offering (see “Substantial Shareholders and Selling Shareholders—Selling Shareholders”), and (z) the subscription of Shares by Baytree and Future Choice as part of a corporate placing in the Global Offering (see “Corporate Investors”). With respect to (x) above, on or prior to the Listing Date, the Company will deliver an irrevocable letter of instruction to Union Registrars Limited, the Company’s share registrar, to instruct it to register, no later than the third business day after six months from Listing Date, in the names of the respective designees of Baytree and CCBIAM such numbers of Shares transferable upon the automatic exchange of the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds, respectively. Until the delivery of the above-mentioned irrevocable letter of instruction, China ITS Co., Ltd. has agreed to exchange the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds into the Shares, and to register designees of Baytree and CCBIAM in the register of members of the Company and will cause its registrar to deliver the share certificates to the designees as soon as permitted by the Stock Exchange but in no event later than the third business day following six months from the Listing Date. As a result, such Shares are effectively locked up for a period of approximately six months from the Listing Date. See “Our Investors—Lock-up Arrangements—Arrangements with the Pre-IPO Investors”.
- (3) CMTF’s shares are held through its nominees Top Paragon Holdings Limited and Top Result Holdings Limited.

CCBIAM

CCBIAM is a company incorporated in Hong Kong and is principally engaged in asset management and investment businesses. The ultimate beneficial owner of CCBIAM is China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (SEHK: 0939) and the Shanghai Stock Exchange (stock code: 600939). CCBIAM has a large number of investments including, without limitation, private equity projects in the PRC and Hong Kong, as well as financial instruments in Hong Kong listed companies, covering such sectors as real estate, manufacturing, information technology, energy, resources, transportation, media, retail and healthcare. CCBIAM is a licensed investment management company in Hong Kong and regulated by the SFC. It has experience and qualifications in public offerings as recognized by Hong Kong and overseas regulators.

Pursuant to the subscription agreement, dated as of November 14, 2006, CCBIAM subscribed for amount of HK\$108,846,230 aggregate principal amount of convertible bonds issued by China ITS Co., Ltd. The issue price of the convertible bonds was the result of commercial negotiation between CCBIAM and China ITS Co., Ltd. The bonds were subsequently converted into ordinary shares of China ITS Co., Ltd. and following the share split of China ITS Co., Ltd., on November 19, 2007, CCBIAM held 134,955,614 shares in China ITS Co., Ltd. The average subscription price of HK\$0.807 based on the number of ordinary shares received upon conversion implied a price to earnings multiple of 13.2 times the 2006 net profit of RMB62.8 million and represents a 76.1%

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discount to the mid-point of the indicative offer price range of HK\$3.375. Immediately after the above conversion, CCBIAM held approximately 11.8908% interest in the share capital of China ITS Co., Ltd.

Pursuant to the share purchase and subscription agreement dated November 19, 2007, CCBIAM transferred 71,281,176 shares in the share capital of China ITS Co., Ltd. to ML GCRE for a consideration of HK\$105,417,277. Immediately after completion of this disposal on November 27, 2007, CCBIAM held 63,674,438 shares in China ITS Co., Ltd., representing an approximately 5.4584% interest in the share capital of China ITS Co., Ltd.

On June 19, 2008, China ITS Co., Ltd. transferred 63,674,438 Shares to CCBIAM and CCBIAM transferred the 63,674,438 ordinary shares of China ITS Co., Ltd. to Best Partners and Joy Bright in consideration of their agreement to assume the payment of the transfer price payable to China ITS Co., Ltd.

Pursuant to the exchangeable bonds subscription agreement, dated as of December 12, 2008, CCBIAM subscribed for an aggregate amount of RMB200,000,000 of exchangeable bonds of China ITS Co., Ltd. (the "CCBIAM Exchangeable Bonds"). Subscription of the first tranche of the CCBIAM Exchangeable Bonds in the principal amount of RMB107,000,000 was completed on December 18, 2008. Subscription of the second and the third tranche in the principal amount of RMB31,000,000, respective, was completed on February 3, 2009. Subscription of the fourth tranche in the principal amount of RMB31,000,000, was completed on March 5, 2009.

Pursuant to the sale and purchase agreement, dated as of August 3, 2009, CCBIAM sold 31,837,219 Shares to China ITS Co., Ltd. for consideration of approximately US\$9.2 million. Immediately after completion of this disposal, on December 28, 2009, CCBIAM held 31,837,219 Shares, representing an approximately 2.5961% interest in the share capital of the Company.

On March 29, 2010, China ITS Co., Ltd. and CCBIAM agreed to, among other matters, revise and restate the exchangeable bonds in the aggregate amount of RMB200,000,000 and China ITS Co., Ltd. agreed to pay to CCBIAM a consideration in the aggregate amount of RMB25,350,000. The revised and restated exchangeable bonds in the aggregate amount of RMB200,000,000 were issued to CCBIAM on the same date. The number of Shares into which such bonds will be exchanged will depend upon (i) the then prevailing exchange rate between Hong Kong dollars and RMB, and (ii) the Offer Price.

As at the Latest Practicable Date, CCBIAM is a shareholder holding approximately 2.3578% interest in the share capital of the Company. It is also a holder of exchangeable bonds in the aggregate amount of RMB200,000,000 issued by China ITS Co., Ltd. CCBIAM is a Selling Shareholder in the Global Offering and is expected to sell 31,837,219 Shares. Save as disclosed, CCBIAM has no other relationship with the Company.

BARING

Baring is a proprietary investment vehicle of Baring Private Equity Asia. Baring Private Equity Asia is the investment advisor to a number of private equity funds and specializes in growth equity investments and mid-market buyouts targeting growing businesses. Primary investment markets include China, India, Japan, Singapore, Hong Kong, and Taiwan. Prior to its subscription for shares in China ITS Co., Ltd., Baring was an independent third party not connected with us.

On November 27, 2007, Baring subscribed for 21,654,024 new shares of China ITS Co., Ltd. for a consideration of HK\$31,060,866. The average subscription price of HK\$1.43 per share was the result of commercial negotiation between Baring and China ITS Co., Ltd. The subscription price of HK\$1.43 per share implied a price to earnings multiple of 25.3 times the 2006 net profit of RMB62.8 million and represents a 57.6% discount to the mid-point of the indicative offer price range of HK\$3.375. Immediately after the above subscription, Baring held an aggregate of approximately 1.8563% interest in the share capital of China ITS Co., Ltd.

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On June 19, 2008, China ITS Co., Ltd. transferred 21,654,024 Shares to Baring and Baring transferred the 21,654,024 ordinary shares of China ITS Co., Ltd. to Best Partners and Joy Bright in consideration of their agreement to assume the payment of the transfer price payable to China ITS Co., Ltd.

On February 26, 2010, Baring sold 6,661,838 Shares to Greater China for consideration of US\$2.5 million.

Baring is a Selling Shareholder in the Global Offering and is expected to sell 5,000,000 Shares.

CMTF

CMTF refers to CMTF Private Equity One (including its nominee Top Paragon Holdings Limited) and CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio (including its nominee Top Result Holdings Limited). CMTF Private Equity One is an exempted company incorporated in Cayman Islands with limited liability and CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio is an exempted company incorporated in the Cayman Islands. CMTF is managed by CMS Capital (HK) Co., Limited.

At the time of CMTF's investment in us, CMS Capital (HK) Co., Limited (then known as CMTF Asset Management Limited) was a joint venture of China Merchants Securities Investment Management (HK) Co., Ltd. and Taifook Fund Managers Ltd. Its name was changed to CMS Capital (HK) Co., Limited on February 4, 2010 to reflect the acquisition by China Merchants Securities Investment Management (HK) Co., Ltd. of all the interests therein held by Taifook Fund Managers Ltd. China Merchants Securities Investment Management (HK) Co., Limited is a wholly owned subsidiary of China Merchants Securities Holdings (HK) Co., Limited, which is in turn wholly owned by China Merchants Securities Co., Limited, a company listed on the Shanghai Stock Exchange. China Merchants Securities Co., Limited. provides brokerage services, securities placement services and asset management services in China. Prior to their subscription for our Shares, each of CMTF Private Equity One and CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio was an independent third party not connected with us.

Pursuant to the share subscription agreement, dated as of April 23, 2009, CMTF Private Equity One and CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio, through two of their respective subsidiaries, for 59,798,423 Shares for consideration of approximately RMB120,201,000. The average subscription price of RMB2.01 per share was the result of commercial negotiation between CMTF and our Company. The average subscription price of RMB2.01 per share based on a price to earnings multiple of 26.1 times the 2008 net profit of RMB91.9 million and represents a 32.4% discount to the mid-point of the indicative offer price range of HK\$3.375. Immediately after the above subscription, CMTF held an aggregate of approximately 4.8762% interest in the share capital of our Company.

Put Options with CMTF

In connection with the subscription by CMTF of an aggregate of 59,798,423 Shares, China ITS Co., Ltd. granted a put option to CMTF pursuant to which, from the time of subscription for the Shares until the time of the Listing, CMTF has the right under certain circumstances to cause China ITS Co., Ltd. to purchase from CMTF all the Shares then held by CMTF. Such circumstances include (a) occurrence of an event of default under the terms of the put option, and (b) receipt of the notice given by the Company to CMTF in respect of the proposed initial public offering of Shares in the Company, which indicates that it is not a Qualified IPO for CMTF or (b). The put option purchase price payable by China ITS Co., Ltd. upon CMTF exercising the put option would be the subscription price together with an amount equivalent to a return from investment of CMTF in the put Shares of 9% per annum from the date of closing of the subscription agreement to the transfer date of the Shares to be put to China ITS Co., Ltd. (the "CMTF Return"). The CMTF Return would accrue from day to day and would be calculated on the basis of the actual number of days elapsed and a 365-day year.

A late penalty equivalent to LIBOR, being the rate to be the arithmetic mean (rounded up if necessary to the nearest integral multiple of 1/16%) of the respective rates shown on the Reuters Monitor Screen as being the rate per annum at which US\$ deposits are offered for a period equal or comparable to such period at or about

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11:00 a.m. (London time) on the second London Business Day before the first day of such period. For this purpose “Reuters Monitor Screen” means the display designated as page “LIBO” on the Reuters Monitor system or such other page as may replace page “LIBO” on that system for the purpose of displaying offered rates for US\$ deposits and “London Business Day” means a day on which US\$ deposits may be dealt in on the London interbank market, is payable in respect of any amount payable by China ITS Co., Ltd., as they become overdue.

Pursuant to the put option granted to CMTF, if the Company achieves the performance target of the financial year of profit attributable to shareholders of RMB434.6 million for the financial year ended December 31, 2010 or RMB591.2 million for the financial year ended December 31, 2011, CMTF would transfer to China ITS Co., Ltd. 1,295,633 and 498,320 Shares, respectively.

As of the Latest Practicable Date, CMTF has not exercised such put option.

Jiang Hailin Personal Guarantee

In connection with the above subscription, Jiang Hailin provided personal guarantee in favor of CMTF guaranteeing due and punctual payment of all or any sums which become due and payable to CMTF by China ITS Co., Ltd. The personal guarantee will expire upon the Listing.

IGC ASIA

IGC Asia refers to Investor Investments Asia Limited and Investor Group Asia L.P., which are the proprietary investment vehicles for Investor Growth Capital Asia. Investor Growth Capital Asia is the investment advisor to, and wholly owned subsidiary of, Investor AB, which is a Nordic-based industrial holding company founded almost one hundred years ago by the Wallenberg family with investment activities in Europe, the United States and Asia. Investor AB’s business operations are conducted primarily through the following business areas: core investments, operating investments and private equity investments. Core Investments is Investor AB’s largest business area and consists of listed companies with strong positions in international markets, currently ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, Saab and SEB. Operating Investments are medium to large-size companies with attractive growth potential, international operations, strong profitability and cash generating capability. Investments are made in both unlisted and listed companies. The business area currently consists of the following holdings: 3 Scandinavia, Biovitrum, CaridianBCT, Gambro, Grand Hôtel, Kunskapskolan, Lindorff, Mölnlycke Health Care and Novare Group. Private Equity Investments consists of two separate activities. Investor AB’s wholly owned Investor Growth Capital makes expansion stage venture capital investments in promising growth companies. The independent EQT funds, in which Investor AB is the sponsor and the largest investor, invest in larger companies. Investments are made in Northern Europe, the U.S. and Asia. Prior to its purchase of shares in our Company on August 3, 2009, IGC Asia was an independent third party not connected with us.

Pursuant to the sale and purchase agreement, dated as of August 3, 2009, IGC Asia acquired 31,837,219 Shares from China ITS Co., Ltd. for consideration of approximately US\$9.6 million. The acquisition was completed on August 5, 2009. The average purchase price of US\$0.30 per share was the result of commercial negotiation between IGC Asia and China ITS Co., Ltd. The average purchase price of US\$0.30 per share implied a price to earnings multiple of 27.4 times the 2008 net profit of RMB91.9 million and represents a 31.0% discount to the mid-point of the indicative offer price range of HK\$3.375. Immediately after the above purchase, IGC Asia held an aggregate of approximately 2.5961% interest in the share capital of our Company.

BAYTREE

Baytree is a wholly owned subsidiary of Temasek Holdings (Private) Limited. Baytree invests in and supports companies that it believes has good management and business plans for the purpose of deriving the maximum value from its investment. Prior to its subscription for our Shares, Baytree was an independent third party not connected with us. Baytree was a member of a consortium consisting of Baytree, GE Capital, Intel

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Capital, Greater China and Future Choice that invested in our Company and China ITS Co., Ltd. on March 5, 2010 as described in further detail below.

GE CAPITAL

GE Capital is an exempted company with limited liability incorporated in the Cayman Island. GE Capital is an indirect wholly owned subsidiary of the General Electric Company (NYSE: GE) (“GE”). GE Capital is a leading global financial services business with deep industry expertise and experience in providing financial solutions that enable customers and partners to build a better future and is independent from the Group. Prior to its subscription for our Shares, GE Capital was an independent third party not connected with us. GE Capital was a member of a consortium consisting of Baytree, GE Capital, Intel Capital, Greater China and Future Choice that invested in our Company and China ITS Co., Ltd. on March 5, 2010 as described in further detail below.

INTEL CAPITAL

Intel Capital, a wholly owned subsidiary of Intel Corporation (NASDAQ: INTC) and Intel Corporation’s global investment organization, makes equity investments in innovative technology start-ups and companies worldwide. Intel Capital invests in a broad range of companies offering hardware, software, and services targeting enterprise, home, mobility, health, consumer Internet, semiconductor manufacturing and cleantech. Prior to its subscription for our Shares, Intel Capital was an independent third party not connected with us. Intel Capital was a member of a consortium consisting of Baytree, GE Capital, Intel Capital, Greater China and Future Choice that invested in our Company and China ITS Co., Ltd. on March 5, 2010 as described in further detail below.

GREATER CHINA

Greater China is a limited partnership organized and existing under the laws of the Cayman Islands. It is a proprietary investment vehicle of Mizuho Securities Principal Investment Co., Ltd., which is a wholly owned subsidiary of Mizuho Securities Co., Ltd., one of the leading investment banks in Japan. Found in 2007, Greater China focuses on direct investment in growth stage companies in PRC, Hong Kong and Taiwan. Greater China supports its portfolio companies by introducing technologies, strategic partners and Sino-Japan cross-border mergers and acquisitions opportunities to them. Since its establishment, Greater China has invested in a broad range of companies in service, consumer goods, alternative energy, green technology and manufacturing sectors. Prior to its acquisition of and subscription for our Shares, Greater China was an independent third party not connected with us. Greater China was a member of a consortium consisting of Baytree, GE Capital, Intel Capital, Greater China and Future Choice that invested in our Company and China ITS Co., Ltd. on March 5, 2010 as described in further detail below.

FUTURE CHOICE

Future Choice is an indirect wholly owned subsidiary of NWS Holdings Limited (SEHK: 0659), a company incorporated in Bermuda with limited and whose shares are listed on the Main Board of the Stock Exchange. NWS Holdings Limited is the infrastructure and service flagship of New World Development Company Limited (SEHK: 0017), embraces a diversified range of businesses in Hong Kong, Mainland China and Macau. Its infrastructure portfolio includes roads, energy, water and ports & logistics projects while its services division comprises facilities management (e.g. management of Hong Kong Convention and Exhibition Centre and Free Duty), Contracting & Transport (e.g. Hip Hing Construction and bus and ferry services). Prior to its subscription for our Shares, Future Choice was an independent third party not connected with us. Future Choice was a member of a consortium consisting of Baytree, GE Capital, Intel Capital, Greater China and Future Choice that invested in our Company and China ITS Co., Ltd. on March 5, 2010 as described in further detail below.

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SUBSCRIPTION AND PURCHASE BY BAYTREE, GE CAPITAL, INTEL CAPITAL, GREATER CHINA AND FUTURE CHOICE

Subscription and Purchase of Shares and Exchangeable Bonds

Pursuant to a share purchase, share subscription and bond subscription agreement, dated February 26, 2010, (a) consortium consisting of Baytree, GE Capital, Intel Capital, Greater China and Future Choice, purchased and subscribed for, as the case may be, Shares, (b) Baytree subscribed for an exchangeable bond of China ITS Co., Ltd. and (c) Baytree and Future Choice further agreed to subscribe for Shares at the time of the Listing, among other matters. In particular:

- Baytree, GE Capital, Intel Capital, Greater China and Future Choice subscribed for an aggregate of 123,964,076 Shares for a total consideration of US\$46.0 million (approximately HK\$357,079,600). The average price of US\$0.37 per Share was the result of commercial negotiation between the consortium and our Company. The average subscription price of US\$0.37 per Share implied a price to earnings multiple of 15.9 times the 2009 net profit of RMB214.7 million and represents a 14.7% discount to the mid-point of the indicative offer price range of HK\$3.375.
- Greater China purchased an additional 6,661,838 Shares from Baring for consideration of US\$2.5 million. The average purchase price of US\$0.38 per share was the result of commercial negotiation between Greater China and Baring. The average purchase price of US\$0.38 per share implied a price to earnings multiple of 16.1 times the 2009 net profit of RMB214.7 million and represents a 13.8% discount to the mid-point of the indicative offer price range of HK\$3.375.

Immediately after the above subscription and purchase transactions, Baytree, GE Capital, Intel Capital, Greater China and Future Choice held an aggregate of approximately 5.0323%, 1.6814%, 0.9867%, 0.9867%, and 0.9867% interest, respectively, in the share capital of our Company.

In addition:

- Baytree subscribed for an exchangeable bond of China ITS Co., Ltd., in the principal amount of US\$11.0 million exchangeable into Shares owned by China ITS Co., Ltd. (the “Baytree Exchangeable Bond”).
- Baytree also extended a short-term loan to China ITS Co., Ltd. in the principal amount of US\$11.5 million.

Finally, each of Baytree and Future Choice agreed, subject to the unconditional effectiveness of the Public Offer Underwriting Agreement and the International Purchase Agreement entered into by our Company in connection with the Global Offering, to subscribe in connection with the Global Offering at the Offer Price, for additional numbers of Shares, the aggregate subscription price for which is, in the case of Baytree, US\$11.5 million in the aggregate and, in the case of Future Choice, US\$10.0 million in the aggregate. However, see “Corporate Investors” for the final subscription amount agreed to be paid by Future Choice. In addition, each of Baytree and Future Choice agreed that, to the extent and if such subscription in connection with the Listing at the Offer Price is not permissible, (a) if Baytree and/or its nominee elects, subject to applicable laws and regulations and approval/waiver from the Stock Exchange, China ITS Co., Ltd. shall sell and transfer to Baytree and/or its nominee the number of Shares equal to the quotient of (x) an amount determined by Baytree of up to US\$11.5 million divided by (y) the Offer Price, and (b) Future Choice shall have the right, subject to applicable laws and regulations and approval/waiver from the Stock Exchange, to work promptly and diligently with the Company in good faith to agree on an alternative structure so as to effect the original intent of the Company and Future Choice with respect to subscription in connection with the Listing for additional Shares. If the subscription for additional Shares by either Baytree or Future Choice is not permissible and they elect to have China ITS Co., Ltd. sell and transfer Shares to them to top-up their shareholding, in accordance with the agreement of the parties and in compliance with Rule 10.07 of the Listing Rules, China ITS Co., Ltd. will not transfer any Shares to Baytree or Future Choice during the six months immediately after the commencement of dealing of the Shares on the Stock Exchange and will not transfer Shares to Baytree or Future Choice in the second six-month period after

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the commencement of dealing of the Shares on the Stock Exchange, if the effect of such transfers would result in China ITS Co., Ltd. ceasing to be the controlling shareholder of our Company.

Based on the Offer Price of HK\$2.85 per Share (being the low end of the estimated offer price range), the shareholdings of each of Baytree and Future Choice in our Company after their subscription of additional Shares (or after the transfer of Shares from China ITS Co., Ltd., if the subscription for such additional Shares is found to be not permissible) in our Company following completion of the Global Offering will be as follows:

	Shareholding in our Company before the Global Offering	Shareholding in our Company immediately after the Global Offering (assuming the Over-allotment Option has not been exercised)	Shareholding in our Company immediately after the Global Offering (assuming the Over-allotment Option has been fully exercised)
Baytree ^(Note)	10.2096%	11.3961%	11.1408%
Future Choice	0.9867%	1.7379%	1.6989%

Note: Assuming full exchange of the exchangeable portion of Baytree Exchangeable Bonds.

We will disclose in the allotment results announcement (expected to be published on June 30, 2010) the number of Shares to be issued to each of Baytree and Future Choice pursuant to their subscription for additional Shares (or after the transfer of Shares from China ITS Co., Ltd., if the subscription for such additional Shares is found to be not permissible).

Put Options

In connection with the above subscription and purchase transactions, China ITS Co., Ltd. and Huaxin Investments (together, the “Put Obligors”) granted put options to each of Baytree, GE Capital, Intel Capital, Greater China and Future Choice whereby, during the Consortium Put Option Period, such investors have the right under certain circumstances to cause the Put Obligors to purchase from such investors all the Shares, and in the case of Baytree, also the Baytree Exchangeable Bond and the short-term loan, in each case, then held by such investors.

Such circumstances include (a) occurrence of an event of default under the terms of the relevant put option, (b) commitment by the Company and/or Jiang Hailin of a breach of the deed of undertakings between the Company, Jiang Hailin, Huaxin Investments, GE Capital and GE Transportation Systems (China) Co., Ltd. dated March 5, 2010 (a “Compliance Breach”), and (c) failure to complete the Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice by August 31, 2011.

In the case of GE Capital, the put price in the event of occurrence of a Compliance Breach would be the sum of (i) an amount representing an internal rate of return of 30% for GE Capital on the subscription price per Share multiplied by the number of Shares to be put by GE Capital plus (ii) the subscription price per Share multiplied by the number of Shares to be put by GE Capital. In the case of the Baytree Exchangeable Bonds, the put price for the Baytree Exchangeable Bonds shall be calculated as the sum of (a) the subscription price paid by Baytree for the Baytree Exchangeable Bonds (“Baytree Exchangeable Bond Price”) plus (b) the Baytree Loan (to the extent outstanding) plus (c) the additional subscription of Baytree pursuant to the Global Offering and/or any alternative investment if Baytree is not permitted by the Hong Kong Stock Exchange to subscribe for Shares under the Global Offering plus (d) the amount representing an internal rate of return of 25% on the Baytree total consideration (other than the portion thereof attributable to the Baytree Exchangeable Bond that have already been sold prior to the exercise of the relevant put option and the Shares received by Baytree upon exchange of the Baytree Exchangeable Bond that have been sold by Baytree prior to the exercise of the relevant put option)

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minus (e) to the extent received, the amount paid by the Put Obligors to Baytree representing an internal rate of return of 9% for Baytree on the subscription price by per Share paid by multiplied by the number of Shares to be put by Baytree, minus (f) any interest that has been paid on the Baytree Loan, provided, that the internal rate of return calculation in respect of the Baytree Loan shall be for the period from the closing of the investment by Baytree through the earlier of (i) the date the Baytree Loan has been repaid in full and (ii) the completion date of the transactions contemplated under the exercise of the put option of Baytree.

Other than under the above situations, the put price for the relevant Shares under the relevant put option granted to Baytree, GE Capital, Intel Capital and Greater China would be the sum of (i) an amount representing an internal rate of return of 9% for the relevant investor on its subscription price per Share multiplied by the number of Shares to be put, plus (ii) the subscription price per Share paid by the relevant investor multiplied by the number of Shares to be put.

In case of Future Choice, the put price would be original subscription price paid by Future Choice.

A late penalty of 14% per annum will be levied on a daily basis on any outstanding amount overdue.

The put options also provide for a lock-up for each of Baytree, GE Capital, Intel Capital, Greater China and Future Choice on the securities of the Company held by them at the completion of a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China and Future Choice for a period of up to six months following the completion of a such Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China and Future Choice, except for (i) any Shares sold by Baytree, GE Capital, Intel Capital, Greater China and Future Choice as part of the Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China and Future Choice, (ii) any Shares received by Baytree and/or its nominees upon exercising the exchange right of the Baytree Exchangeable Bond, (iii) any Shares transferred by any of Baytree, GE Capital, Intel Capital, Greater China and Future Choice to any of its subsidiaries, (iv) any Shares transferred to any wholly owned subsidiaries of Temasek Holdings (Private) Limited, and (v) any Shares transferred among controlled subsidiaries of GE for internal restructuring, accounting or tax reasons.

Share Charges

In connection with the above subscription and purchase transactions, each of China ITS Co., Ltd. and Huaxin Investments executed share charges in favor of each of Baytree, GE Capital and Intel Capital securing the performance of all present and future obligations and liabilities of China ITS Co., Ltd. pursuant to the transaction documents entered into in connection with the subscription and purchase transactions. The terms of the share charges executed by each of China ITS Co., Ltd. and Huaxin Investments and with each of Baytree, GE Capital and Intel Capital are substantially similar.

Jiang Hailin Personal Guarantees

In connection with the above subscription and purchase transactions, Jiang Hailin provided personal guarantees in favor of each of Baytree, GE Capital, Intel Capital and Greater China guaranteeing due and punctual payment of all or any sums which become due and payable to such investors by our Company, Huaxin Investments or the other warrantors to the subscription and purchase transactions and Baring. The terms of the guarantee provided to each investor are substantially similar. The personal guarantee shall expire upon the Listing; provided, that if the Listing is not a Qualified IPO for Baytree/GE Capital/Intel Capital/ Greater China and Future Choice and any of Baytree, GE Capital, Intel Capital and Greater China exercises its put option during the Consortium Put Option Period, the personal guarantee shall expire upon the full repayment of the guaranteed obligations to such investor under the relevant personal guarantee from Jiang Hailin.

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PRINCIPAL TERMS OF THE EXCHANGEABLE BONDS

Principal Terms of the CCBIAM Exchangeable Bonds

The CCBIAM Exchangeable Bonds were issued pursuant to the exchangeable bonds subscription agreement, dated as of December 12, 2008, in an aggregate amount of RMB200,000,000. The subscription agreement provided for the subscription for the aggregate principal amount by CCBIAM in China ITS Co., Ltd. in four separate tranches of RMB107,000,000, RMB31,000,000, RMB31,000,000 and RMB31,000,000. The issue price of the exchangeable bonds was the result of commercial negotiation between CCBIAM and China ITS Co., Ltd. In connection with the above CCBIAM Exchangeable Bonds, China ITS Co., Ltd. executed a share charge on December 18, 2008 in favor of CCBIAM securing the performance of all present and future obligations and liabilities of China ITS Co., Ltd. to CCBIAM pursuant to the transaction documents entered into in connection with the subscription of the CCBIAM Exchangeable Bonds. Pursuant to such share charge, China ITS Co., Ltd. has created a security interest over 349,959,317 Shares it held, representing 25.9% of the total issued and outstanding share capital of the Company (on a non-diluted) basis, in favour of CCBIAM as security over its obligation under the CCBIAM Exchangeable Bonds. Such share charge will remain in full force and effect as continuing security until the obligations of China ITS Co., Ltd. under the CCBIAM Exchangeable Bonds have been discharged.

The CCBIAM Exchangeable Bonds have a term of not more than five years from the issue date, provided that where the Listing occurs within two years from the subscription for the first tranche, the remaining term shall be three years after the Listing, and the maturity date shall be adjusted to be on the day immediately prior to the third anniversary of the Listing.

The CCBIAM Exchangeable Bonds bear interest on the outstanding principal amount from the issue date up to the Listing at the simple interest rate of 8.8% annually, payable annually in arrears on December 31 of each year, provided that all accrued and outstanding interest in respect of the period prior to the Listing must be paid upon Listing.

The holder of the CCBIAM Exchangeable Bonds may exchange all or any part of the principal amount of the CCBIAM Exchangeable Bonds into Shares at any time and from time to time after the Listing Date up to the close of business on the maturity date, or if the CCBIAM Exchangeable Bonds shall have been called for redemption by the holder prior to the maturity date, then up to the close of business on a business day at least three business days prior to the date for redemption thereof, for a maximum of two times. The number of Shares to be delivered to the holder upon exchange will be determined by dividing (i) the principal amount to be exchanged by (ii) the exercise price, which is defined as either (x) where the effect of Listing of the Company is achieved by way of a “reverse takeover,” a “very substantial acquisition/disposal” and/or “introduction” (all as defined in the Listing Rules), 85% of the average closing market price for the five trading days (on which the Shares were traded on the Stock Exchange) from the Listing Date; or (y) where the Listing is achieved by initial public offering or by any other means, 85% of the Offer Price per Share under the Listing.

The issuer of the CCBIAM Exchangeable Bonds may also redeem all or any part of the principal amount of the CCBIAM Exchangeable Bonds, and such bonds shall become due and payable within 60 business days of receipt of the redemption notice from the holder thereof at any time and from time to time from the Listing Date up to the close of business on the maturity date. In such case, the redemption price payable upon redemption shall be the outstanding principal amount of the CCBIAM Exchangeable Bonds plus Return minus the previous interest already paid.

In addition, the issuer of the CCBIAM Exchangeable Bonds may also redeem all or any part of the principal amount of the CCBIAM Exchangeable Bonds, and such bonds shall become due and payable within 60 business days of receipt of the redemption notice from the holder thereof at any time and from time to time from the date of issuance of the bonds up to the close of business on the maturity date if (i) the Company has not consummated the Listing prior to December 12, 2010; (ii) the Company and/or China ITS Co., Ltd. and/or China ITS Co., Ltd.’s shareholders is/are in default in the due performance of any terms, covenant or undertaking in any of the transaction documents related to the subscription for the CCBIAM Exchangeable Bonds or if any representation or warranty given by China ITS Co., Ltd., the Company or the warrantors in the transaction documents related to

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the subscription for the CCBIAM Exchangeable Bonds is inaccurate, misleading or untrue; (iii) the Company and/or China ITS Co., Ltd. proceed with or certain sale transactions without approval of the pricing terms of such transaction by the holders; or (iv) China ITS Co., Ltd. fails to take certain actions to the holders' satisfaction in relation to the Listing. In any such case, the redemption price payable upon redemption shall be the principal amount of the CCBIAM Exchangeable Bonds so redeemed together with the Return, or in the case of (iv), the Special Return, from the date of issuance up to and including the day the holder actually receives the redemption price, deducting therefrom the aggregate amount of all the interest already paid to the holder in relation to the relevant portion of the principal amount so redeemed. The Return or Special Return shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 365-day year, provided that if such redemption occurs within one year after the date of issuance and the actual number of days elapsed is less than 365 days, it shall be deemed to be 365 days for the purpose of calculating the amount of the Return or Special Return.

Unless previously redeemed or exchanged in accordance with terms of the CCBIAM Exchangeable Bonds, the outstanding principal amount of the CCBIAM Exchangeable Bonds shall automatically be redeemed in whole on the maturity date.

Notwithstanding the right of the holders to redeem upon Listing as provided above, within the One Year Exercise Period (as defined below), the holders shall be entitled to exercise for not more than two times the redemption rights or exchange rights (as described above) on all or a part of the principal amount, from the Listing Date until the close of business on the maturity date. Under such circumstances, the date of the exercise of the subsequent redemption or exchange shall not exceed one year from the date of the exercise of the first redemption or exchange (the "One Year Exercise Period") and the holders shall not be entitled to exercise the exchange rights beyond the One Year Exercise Period.

At any time and from time to time upon the expiry of the One Year Exercise Period until the close of business on the maturity date, China ITS Co., Ltd. shall be entitled to redeem all or a part of the outstanding principal amount of the CCBIAM Exchangeable Bonds. The redemption price payable by, China ITS Co., Ltd. for such redemption shall be the outstanding principal amount plus Return minus previous interest already paid and shall be due and payable 60 business days after the date of the issue of notice from China ITS Co., Ltd. of its intention to so redeem.

As part of ongoing negotiations between China ITS Co., Ltd. and CCBIAM, on December 28, 2009, CCBIAM agreed to revise, amongst other matters, the interest payment date of the CCBIAM Exchangeable Bonds.

On March 29, 2010, China ITS Co., Ltd. and CCBIAM agreed to revise and restate the CCBIAM Exchangeable Bonds and China ITS Co., Ltd. issued to CCBIAM the Revised and Restated CCBIAM Exchangeable Bonds. The first tranche of the Revised and Restated CCBIAM Exchangeable Bonds in the aggregate amount of RMB107,000,000 has a term of two years from the issue date of the first tranche of CCBIAM Exchangeable Bonds, maturing on December 18, 2010. Each of the subsequent tranches of the Revised and Restated CCBIAM Exchangeable Bonds have terms of not longer than the term of the first tranche and will mature on the same date of the first tranche of the Revised and Restated CCBIAM Exchangeable Bond.

The exchangeable portion of each of the Revised and Restated CCBIAM Exchangeable Bonds (representing 84.5% of the total principal amount of each of the Revised and Restated CCBIAM Exchangeable Bonds) bear interest on the outstanding principal amount from their respective issue dates up to the Listing at the simple interest rate of 8.8% annually, payable annually in arrears on December 31 of each year, provided that all accrued and outstanding interest in respect of the period prior to the Listing must be paid upon Listing.

The non-exchangeable portion of each of the Revised and Restated CCBIAM Exchangeable Bonds (representing 15.5% of the total principal amount of each of the Revised and Restated CCBIAM Exchangeable Bonds) bears interest on its outstanding principal amount from and including their respective issue dates up to the relevant maturity dates (or, if redeemed, the relevant redemption dates) at the simple interest rate of 18% per

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annum minus the previous interest already paid, payable on the relevant maturity dates (or, if redeemed, the relevant redemption dates).

At any time and from time to time from the issue date of the Revised and Restated CCBIAM Exchangeable Bonds until the close of business on the relevant maturity dates, China ITS Co., Ltd. shall be entitled to redeem all or a part of the outstanding principal amount of the Revised and Restated CCBIAM Exchangeable Bonds. The redemption price payable by, China ITS Co., Ltd. for such redemption shall be the outstanding principal amount without any return and shall be due and payable sixty (60) business days after the date of the issue of notice from China ITS Co., Ltd. of its intention to so redeem. China ITS Co., Ltd. intends to use its internal funding resources (including the RMB50 million declared but unpaid dividend receivable from the Company) to repay the non-exchangeable portion of the CCBIAM Exchangeable Bonds at the principal amount of RMB31.0 million.

In addition, on the date of Listing, the then outstanding principal amount of the exchangeable portion of each of the Revised and Restated CCBIAM Exchangeable Bonds would automatically be exchanged into Shares. Subject to Applicable Laws and appropriate standard adjustment, the price of the exercise of the Exchange Right by CCBIAM under the Revised and Restated Exchangeable Bonds shall be either (1) where the effect of listing of the Company on an eligible exchange is achieved by way of a “reverse takeover,” a “very substantial acquisition/disposal” and/or “introduction” (all as defined in the Listing Rules), the average closing market price for the five trading days (on which the Ordinary Shares were traded on the Stock Exchange) from the listing date; or (2) where the listing on an eligible exchange is achieved by initial public offering or by any other means, the Offer Price per Share. On or prior to the Listing Date, the Company will deliver an irrevocable letter of instruction to Union Registrars Limited to instruct it to register, no later than the third business day after six months from Listing Date, in the names of the designees of CCBIAM such numbers of Shares transferable upon the automatic exchange of the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds. Until the delivery of the above-mentioned irrevocable letter of instruction, China ITS Co., Ltd. has agreed to exchange the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds into the Shares, and to register designees of CCBIAM in the register of members of the Company and will cause its registrar to deliver the share certificates to the designees as soon as permitted by the Stock Exchange but in no event later than the third business day following six months from the Listing Date. As a result, such Shares are effectively locked up for a period of approximately six months from the Listing Date. See “—Lock-up Arrangements—Arrangements with the Pre-IPO Investors”.

On March 29, 2010, China ITS Co., Ltd. and CCBIAM made various consequential changes to the share charge dated December 18, 2008 in respect of the Revised and Restated CCBIAM Exchangeable Bonds in favor of CCBIAM to reflect the amendment and restatement of the CCBIAM Exchangeable Bonds.

Pan Jianguo personal guarantee

In connection with the above Revised and Restated CCBIAM Exchangeable Bonds, on March 29, 2010, Pan Jianguo provided a personal guarantee in favor of CCBIAM guaranteeing due and punctual performance of all or any sums which are or at any time may become due and payable by China ITS Co., Ltd. to CCBIAM and the due and punctual performance and observance by China ITS Co., Ltd. of its obligations to CCBIAM under the transaction documents entered into in connection with the Revised and Restated CCBIAM Exchangeable Bonds. Such personal guarantee will be fully released upon the full settlement of the non-exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bond.

Principal Terms of the Baytree Exchangeable Bond

The Baytree Exchangeable Bond was issued pursuant to the share purchase, share subscription and bond subscription agreement, dated February 26, 2010, the principal amount of which is US\$11.0 million. The issue price of the Baytree Exchangeable Bond was the result of commercial negotiation between Baytree and China ITS Co., Ltd.

The Baytree Exchangeable Bond has a term of not more than eighteen months commencing from March 5, 2010 (the “Issue Date”) and shall mature on the last day of the eighteen-month period commencing from the Issue

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Date (the “Maturity Date”), provided that if a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice occurs after the end of a twelve-month period commencing from the Issue Date but before the end of an 18-month period commencing from the Issue Date, the Maturity Date shall be adjusted to the third business day immediately after the expiration of the mandatory lock-up period imposed by the Stock Exchange in connection with the Listing and the term of the Baytree Exchangeable Bond shall be extended to a period from the issue date to the Maturity Date so adjusted.

The Baytree Exchangeable Bond does not bear any interest, provided that any amount in respect thereof not paid when due shall bear interest at a rate of 14% per annum on the due payment.

The holders of the Baytree Exchangeable Bond have the right to exchange all or any part of the principal amount into Shares at any time and from time to time after the Issue Date up to the first business day immediately preceding the date of a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice by delivering an exchange notice in writing stating the intention of the holder to exercise the exchange right. In addition, on the date of a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, the then outstanding principal amount of the Baytree Exchangeable Bond shall automatically be exchanged into Shares. The number of Shares to be delivered by China ITS Co., Ltd. to the holder upon exchange will be determined by dividing (i) the principal amount to be exchanged by (ii) the exercise price, which is defined as:

- where the exchange right is exercised before the determination of the price for a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, the mid-point of the latest price range indicated to the Stock Exchange immediately before the listing committee hearing (if any), or such other price as agreed between China ITS Co., Ltd. and the holders; and
- where the exchange right is exercised on or after the determination of the price for a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice or where all of the remaining principal amount is exchanged automatically into Shares on the date of a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, a price such that the blended post-money entry valuation of the Company after Baytree’s aggregate investments in the Shares, comprising the Shares subscribed for or purchased, if any, pursuant to the transactions described above, including any cornerstone investment, and its investment in the Baytree Exchangeable Bond (the “Blended Entry Valuation”), in an aggregate amount of US\$48.0 million, shall be 74% of the fully-diluted post-money market capitalization of the Company at the Offer Price per Share in the Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice.

On or prior to the Listing Date, the Company will deliver an irrevocable letter of instruction to Union Registrars Limited to instruct it to register, no later than the third business day after six months from Listing Date, in the names of the designees of Baytree such numbers of Shares transferable upon the automatic exchange of the Baytree Exchangeable Bonds. Until the delivery of the above-mentioned irrevocable letter of instruction, China ITS Co., Ltd. has agreed to exchange the Baytree Exchangeable Bonds into the Shares, and to register designees of Baytree in the register of members of the Company and will cause its registrar to deliver the share certificates to the designees as soon as permitted by the Stock Exchange but in no event later than the third business day following six months from the Listing Date. As a result, such Shares are effectively locked up for a period of approximately six months from the Listing Date. See “—Lock-up Arrangements—Arrangements with the Pre-IPO Investors”.

The Baytree Exchangeable Bond provides further that after the Issue Date and prior to the Maturity Date, if the Company raises any equity or equity-linked financing at more favorable terms than those provided to the holder, the holder’s valuation and terms shall ratchet down to reflect the improved terms. Subject to appropriate adjustments that neither in such case, nor in the case of any reclassification, share split, issue of bonus shares, share dividends, consolidation of shares, combination, recapitalizations and such other events having a dilution effect on the holder’s shareholding in the Company, shall the maximum Blended Entry Valuation exceed the lower of (i) US\$623.261 million and (ii) the price/earning multiple of 12.157 times at the average of the Company’s Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice bookrunner’s estimates of the Company’s after-tax profit attributable to shareholders for the financial year of 2010 (at the

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exchange rate of RMB6.827:US\$1.00). Assuming there is no such event prior to the Listing Date, the minimum total combined shareholding of Baytree in the fully-diluted issued capital of the Company upon Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, including the Shares subscribed for and purchased by Baytree pursuant to the transactions described above and the Shares issuable upon exchange of the Baytree Exchangeable Bond, shall be 7.70%.

Notwithstanding the put option (as described above), if any of the following events occurs, the holders of the Baytree Exchangeable Bond shall be entitled (but not obligated) to give a redemption notice to China ITS Co., Ltd. in writing at any time and from time to time from the Issue Date to 5:00 p.m. on the Maturity Date, and if the Maturity Date is not a business day, the business day immediately following the Maturity Date, and the Baytree Exchangeable Bond shall become due and payable within ten business days after the delivery of such notice in an amount equal to the principal amount so redeemed together with an amount representing the return to the holders of the Baytree Exchangeable Bond on the outstanding principal amount of the Baytree Exchangeable Bond to be redeemed, equal to an amount representing an internal rate of return of 25% from the Issue Date up to and including the day the holders actually receive the redemption price, deducting therefrom the aggregate amount of all the internal rate of return already paid to the holder in relation to the relevant portion of the principal amount so redeemed:

- notice that the proposed initial public offering of the Shares is not likely to constitute a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice;
- the audited net profit, after deducting taxation, for the year(s) ending on or as at the relevant accounts date prepared in accordance with IFRS, and disregarding, to the extent included or deducted in calculating the profit after tax (a) non-cash expenses related to warrants, incentive schemes and/or employee share option plan, (b) the cumulative effect of any change or changes in accounting principles, and (c) any extraordinary or non-recurring income on and from January 1, 2010, including any subsidies, rebates or other extraordinary or non-recurring items, and with unqualified opinion and comprehensive notes thereto issued by any one of KPMG, PricewaterhouseCoopers, Deloitte & Touche Tohmatsu and Ernst & Young (the “Profits Attributable to Shareholders”) for the year ended December 31, 2009 is less than RMB240 million;
- the Profits Attributable to Shareholders for the year ending on December 31, 2010 is less than RMB324 million;
- any of Jiang Hailin, Lu Xiao, Jing Yang, Lv Xilin or Pan Jiangguo (together, the “Key Management”) leaves the employment of the Company or no longer assumes any management position of the Company, without obtaining any prior consent of Baytree;
- any of the Key Management breaches the term of their respective employment contract with the Company;
- there being any material breach of any representation, warranty, covenant, undertaking or other term or condition of any of the transaction documents or the constitutional documents of the Company or the Put Obligors, by the Company, the Put Obligors or any Group Company;
- there being any illegality of any representation, warranty, covenant, undertaking or other term or condition of any of the transaction documents or the transactions contemplated thereunder;
- if any action or steps are taken or legal proceedings are commenced (under applicable laws) by or against the Company, the Put Obligors or any Group Company for its winding up, administration or reorganization (including the appointment of any liquidator, receiver, compulsory manager, administrative receiver, administrator, judicial custodian, trustee in bankruptcy or the like in respect of the Company, the Put Obligors or any Group Company or any part or all of the income, profits or assets thereof), but save for a reorganization solely in preparation for the Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice and approved by Baytree;
- if the Company changes or tries to change its core business, or has discontinued or materially changed the nature of the core business (or attempted to do so), or merges or consolidates with any other person, without obtaining the prior proper approval;

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- if all or a material part of the properties or rights or interests of the Company, the Put Obligors or any Group Company are expropriated;
- there being any material impairment in the collateral rights or the guarantees of the Company, the Put Obligors or any Group Company;
- an occurrence of any violation or breach of any agreements, obligations, undertakings, terms or conditions of any of certain basic documents as defined in the transaction documents;
- if the Company and/or Jiang Hailin fails to fulfill or comply with any terms or conditions set forth in the deed of compliance among the Company, GE and the other parties, and GE has elected to exercise its put option;
- if the Company, the Put Obligors or any Group Company defaults, or receives notice of default, under any Contract relating to any borrowing or indebtedness, or as a result of such default, any of its indebtedness becomes payable or capable of being declared payable before its stated maturity or is not paid when due, the amount of which exceeds either a single sum of US\$100,000 or an aggregate sum of US\$300,000 within one financial year;
- if the Company, the Put Obligors or any Group Company defaults to pay when due any amount payable by it under any guarantee or indemnity in respect of any borrowing indebtedness of any other person, or any charge where the charged property of the Company, the Put Obligors or any Group Company can be compulsorily seized or disposed of, the amount of which exceeds either a single sum of US\$100,000 or an aggregate sum of US\$300,000 within one financial year;
- a distress, execution or other legal process is levied, enforced or sued upon or against any part of the property, assets or revenues of the Company, the Put Obligors or any Group Company is not discharged or stayed within 30 days (or such longer time period as may be agreed by Baytree), the amount of which exceeds either a single sum of US\$1,000,000 or an aggregate sum of US\$3,000,000 within one financial year;
- an occurrence of any event (i) which would give CCBIAM the right to redeem under the Revised and Restated CCBIAM Exchangeable Bonds or (ii) which would give CMTF the right to exercise its put option; and
- any events or incidents which would have similar effects of the above items under any applicable laws or jurisdictions.

As of the Latest Practicable Date, none of the events specified above had occurred.

Subject to the put option (as described above), unless previously redeemed or exchanged, the outstanding principal amount of Baytree Exchangeable Bond shall automatically be redeemed in whole on the Maturity Date without the need for the holders to deliver the redemption notice. The redemption price shall be payable by China ITS Co., Ltd. on the Maturity Date.

The Baytree Exchangeable Bond has not yet been exchanged, however, if exchanged into Shares pursuant to the terms thereof at the time of Listing based on the low end of the indicative offer price range of HK\$2.85, the number of Shares received would imply an average subscription of HK\$2.11 per Share (of all the Shares subscribed for, purchased (if any) and exchanged by Baytree under the share purchase, share subscription agreement, including cornerstone investment) and a price to earnings multiple of 13.4 times the 2009 net profit of RMB214.7 million and would represent a 26.0% discount to the low end of the indicative offer price range of HK\$2.85. If exchanged into Shares pursuant to the terms thereof at the time of Listing, such Shares would constitute approximately 5.0% interest in the share capital of the Company immediately following the consummation of the Listing.

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PRINCIPAL TERMS OF THE LOAN AGREEMENT

A short-term loan in the principal amount of US\$11.5 million with an interest rate of 10.5% per annum was extended by Baytree to China ITS Co., Ltd. pursuant to a loan agreement dated March 2, 2010. The loan was granted to China ITS Co., Ltd. on March 5, 2010. The purpose of the loan is to satisfy short-term funding needs of China ITS Co., Ltd. and has been applied by the shareholders of China ITS Co., Ltd. in short-term investments unrelated to the business of our Company. The loan is secured by a charge of certain Shares held by China ITS Co., Ltd. and Huaxin Investments in favor of Baytree and personal guarantee provided by Jiang Hailin. See “—Share Charges” and “—Jiang Hailin Personal Guarantees.” The loan is repayable at the earliest of (i) the third day following the price determination date for the Listing or (ii) July 31, 2010 (or such later date as is agreed between Baytree and China ITS Co., Ltd.) and (iii) the date when the loan and other sums become due and payable under the loan agreement. Also, upon the occurrence of any event of default under the put option agreement referred to under the section “—Put Options”, then and in each and every such case, unless such event of default shall have been waived in writing by Baytree, at the option of Baytree and in its sole discretion, Baytree may, by serving a 15 Business Day notice in writing to China ITS Co., Ltd., require China ITS Co., Ltd. to repay the loan together with all accrued interest thereon and other sums owed to Baytree immediately become due and payable. If China ITS Co., Ltd. fails to pay any sum payable under such loan agreement when due, China ITS Co., Ltd. will be required to pay interest on such sum from and including the due date to the date of actual payment (after as well as before judgement) at a rate of 14% per annum. China ITS Co., Ltd. intends to use its internal funding resources to repay the loan.

RIGHTS GRANTED TO CCBIAM, BARING, CMTF, IGC ASIA, BAYTREE, GE CAPITAL, INTEL CAPITAL, GREATER CHINA AND FUTURE CHOICE

Pursuant to the investors’ rights agreement, first entered into on November 14, 2006 as subsequently amended and restated, most recently on March 5, 2010, CCBIAM, Baring, CMTF, IGC Asia, Baytree, GE Capital, Intel Capital, Greater China and Future Choice (collectively, the “Pre-IPO Investors”) were granted, inter alia, the following rights as investors of the Company all of which, including the rights of CCBIAM, who will remain a bondholder of China ITS Co., Ltd., will terminate upon Listing other than as set forth below in the section provided “Obligations that Survive upon Termination of the Listco IRA”:

Information Rights

The Company agreed to furnish to each of the Pre-IPO Investors, within a specific time (i) certified copies of its annual audited consolidated financial statements; (ii) certified copies of its quarterly unaudited consolidated financial statements; (iii) monthly reports; (iv) its annual budgets and annual business plans; (v) minutes of all its shareholders’ meetings and board meetings and all other corporate governance reports; (vi) all documents, information and explanations as the Pre-IPO Investors may reasonably request; and (vii) a written notice of any actual violation or failure to comply with any applicable environmental, anti-bribery, anti-corruption or anti-money laundering law after becoming aware of such violation. In addition, the Company agreed to provide to each of the Pre-IPO Investors with copies of (a) any written or verbal communication from the Stock Exchange and any verbal or written communication by or on behalf of, the Company with the Stock Exchange, that is specific to the Pre-IPO Investors and their investments in the Company and China ITS Co., Ltd., (b) the complete A1 filing package filed with the Stock Exchange, including an advance proof of the prospectus and all the relevant forms, such as the advance booking form and checklists, (c) each revised proof of the prospectus or the relevant revised blacklined pages of the prospectus if a revised proof is not required to be filed and (d) any annual tax clearance, annual registration and share charge registration filed by the Company with the relevant government authorities.

Pre-emption and Price Protection Rights

Each of China ITS Co., Ltd., Best Partners, Joy Bright, Rockyjing Investment Limited, Huaxin Investments, Gouver Investments Limited, Liao Daoxun, Wu Yurui, Jiang Hailin, Liang Shiping, Wu Chunhong, Yuan Chuang, Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo and Jing Yang (collectively, the “IRA Controlling Shareholders”) undertakes and ensures and shall

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procure the Company to undertake and ensure that the Company will not issue or offer to issue any shares, capital stock, membership interests, partnership interests, registered capital, joint venture or other ownership interests in it or in its Group, or any options, warrants or other securities that are convertible into, or exercisable or exchangeable for such interests (the “Equity Securities”), unless the Company shall at the same time offer to each Pre-IPO Investor the right to purchase the Equity Securities on a pro rata basis in accordance with their respective shareholding in the Company and the right to oversubscribe if any Pre-IPO Investor elects not to purchase such Equity Securities, such that the ownership in each Pre-IPO Investor will not be diluted.

On or before the Listing and so long as a Pre-IPO Investor holds any Equity Securities in the Company, if the Company shall at any time or from time to time issue or sell any Equity Securities of the Company at a price per Share (the “New Issuance Price”) that is less than an agreed original purchase price (which price differs for each Pre-IPO Investor) then, and in each case, China ITS Co., Ltd. shall transfer and each of IRA Controlling Shareholders (other than China ITS Co., Ltd.) shall procure China ITS Co., Ltd. to transfer such number of Equity Securities in the Company to such Pre-IPO Investor, at a price equal to par value per Share, so that the average purchase price (as calculated based upon the terms agreed with each Pre-IPO Investor) of Equity Securities of the Company held by such Pre-IPO Investor after such transfer equals the New Issuance Price. The foregoing shall not be applicable to the issue or sale of any Equity Securities of the Company by the Company pursuant to a fully underwritten registered public offering by the Company on the Stock Exchange subject to certain market capitalization requirements and approvals by certain Pre-IPO Investors.

Notwithstanding the pre-emptive rights provided to each of the Pre-IPO Investors, the Pre-IPO Investors agree that the Company may (i) subject to certain conditions, issue Shares to certain suppliers, customers or strategic partners and (ii) issue Shares to Baytree and Future Choice in connection with the Listing as contemplated in the transaction documents.

Transfer Restrictions

Except for certain permitted transfers and subject to any pre-emption rights as may be available to the Pre-IPO Investors as described above, the Pre-IPO Investors shall have a right of first offer to purchase any Shares that any shareholder which is not a Pre-IPO Investor desires to sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of, or suffer to exist (whether by operation of law or otherwise) any encumbrance on all or any of its Equity Securities of the Company or any right, title or interest therein or thereto to a third party purchaser.

Notwithstanding the foregoing, if the shareholder proposing to transfer Shares is any of the IRA Controlling Shareholders, each Pre-IPO Investor shall also have the right to require by notice in writing that such IRA Controlling Shareholder procure that purchaser shall purchase the interest of the Pre-IPO Investor in the Company to the fullest extent required by that Pre-IPO Investor in priority over such IRA Controlling Shareholder. If more than one Pre-IPO Investor shall exercise such right and the aggregate number of Equity Securities sought to be sold by them shall exceed the amount of the Equity Securities proposed to be sold, then the Pre-IPO Investors shall be entitled to sell pro rata to their then holdings in the Equity Securities of the Company.

In the event that any Pre-IPO Investor proposes to transfer any Equity Securities to any person (other than to China ITS Co., Ltd. and Huaxin Investments pursuant to the side letters described above), the other Pre-IPO Investors shall have the right of first offer to purchase all but not part of such Equity Securities and the above transfer restrictions shall apply to such transfer, mutatis mutandis, as if the transferring Pre-IPO Investor were subject to the restrictions described above and the other Pre-IPO Investors were entitled to the right of first refusal. Notwithstanding the foregoing, this provision shall not apply to (i) any transfer by a Pre-IPO Investor to its affiliate, (ii) any transfer by CCBIAM or Baytree of their respective Exchangeable Bonds or (iii) any transfer by Baytree or its affiliates of any of the Baytree Exchangeable Bond.

Notwithstanding the foregoing transfer restrictions, the parties agree that China ITS Co., Ltd. and Huaxin Investments each have the right to charge certain Shares pursuant to the share charges described above.

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Corporate Governance

The Company's Board and the board of directors of each of its subsidiaries shall consist of up to seven (7) Directors unless otherwise agreed by each of the Pre-IPO Investors holding at least 4.9% of the total issued share capital of the Company. In addition, each of CCBIAM, CMTF, Baytree, GE Capital, Intel Capital and Future Choice is entitled to appoint an observer to attend all meetings of the board of the Company and all directors meeting of other companies within the group for so long as such Pre-IPO Investor holds any Equity Securities in the Company. The Company will provide to such observers notice of directors meeting and all related documentation.

Matters Requiring Special Majority Consent

Certain actions by the Company and its subsidiaries require prior written consent of the shareholders of the Company holding three-fourths of the total issued share capital of the Company, including any Pre-IPO Investor holding at least 4.9% of the total issued share capital of the Company.

In addition, certain actions by the Company and its subsidiaries require prior written consent of certain groups of the Pre-IPO Investors (as agreed with such Pre-IPO Investors on an individual basis).

OBLIGATIONS THAT SURVIVE UPON TERMINATION OF THE LISTCO IRA

The Listco IRA, as amended and restated on March 5, 2010, and the aforesaid rights provided to the Pre-IPO Investors pursuant thereto will terminate upon Listing; *provided* that the following material rights shall survive such termination and continue in force indefinitely following the termination:

- (i) None of the Group Companies or the IRA Controlling Shareholders shall use, publish or reproduce the trademark, trade name, logo, brand or any similar name of any Baytree Investor including "Temasek," "Temasek Holdings," "GE," "General Electric," "Intel," "New World," and "NWS," in any of its marketing, advertising or promotion materials or otherwise for any marketing, advertising or promotion purposes unless otherwise agreed by the relevant Pre-IPO Investor in writing, no matter whether the relevant Pre-IPO Investor is then a shareholder.
- (ii) Except as may be required by law or otherwise contemplated by the transaction documents, each party undertakes that it shall not disclose, and that it shall procure that its respective current or prospective partners, members or equity interest holders, bankers, directors, officers, employees, agents, consultants, professional advisors and affiliates and the current or prospective partners, members or equity interest holders, bankers, directors, officers, employees, agents, consultants, professional advisors of each such affiliate (collectively, the "Representatives") do not disclose, to any third party or issue or release any press release, public statement, advertisement or similar manner or form of publicity with respect to the transactions, or any confidential information without the prior consent of the concerned Party. With respect to Baytree, the obligation to procure compliance with respect to any Representative only applies in the event the Representative has received the confidential information from Baytree.
- (iii) Each of the Company, the IRA Controlling Shareholders and certain covenantors, namely, Jiang Hailin, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo and Jing Yang, shall, jointly and severally, indemnify, defend and hold harmless each Pre-IPO Investor from and against any and all losses, damages, liabilities, claims, lawsuits, proceedings, costs and expenses (including the fees, disbursements and other charges of counsel incurred by such Pre-IPO Investor in any action between the indemnifying party and such Pre-IPO Investor or between such Pre-IPO Investor and any third party, in connection with any investigation or evaluation of a claim or otherwise) resulting from or arising out of any breach by the indemnifying party of any representation, warranty, covenant or agreement in the Listco IRA, as amended and restated on March 5, 2010. There has not been any dispute as of the Latest Practicable Date between any of the indemnifying parties and any of the Pre-IPO Investors that resulted or might result in any breach of the Listco IRA, as amended and restated on March 5, 2010.

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- (iv) Each of the IRA Controlling Shareholders (other than Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Liang Shiping, Wu Chunhong and Yuan Chuang) and the Pre-IPO Investors also agreed to certain lock-up agreements as described below.

The Directors consider that the surviving provisions on (i) use of certain Pre-IPO Investors' logos, (ii) confidentiality, (iii) indemnity, and (iv) lock-up arrangement under the Listco IRA set out above are general in nature, are common for agreements of this kind and do not contain uncommon features. Accordingly, the Directors do not consider the survival of these provisions under the Listco IRA would prejudice the interests of the shareholders of the Company in any way.

LOCK-UP ARRANGEMENTS

Arrangements with Certain IRA Controlling Shareholders

Each of the IRA Controlling Shareholders (other than Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Liang Shiping, Wu Chunhong and Yuan Chuang) has respectively undertaken that it will not, and will procure none of its respective sponsors and associated companies, any person (legal or natural) controlled by any of them and any nominee or trustee holding in trust for any of them will, without the prior written consent of Baytree and unless in compliance with the requirements of the applicable laws or otherwise permitted under the transaction documents:

- (a) at any time before the earlier of (i) the date which is up to six months after Listing or completion of a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, and (ii) the closing of the sale of the relevant Shares to China ITS Co., Ltd. pursuant to the put options described above (the "Initial Lock-up Period"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein with respect to which it has beneficial ownership as at closing of the investment by Baytree, GE Capital, Intel Capital, Greater China and Future Choice, or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or any interest therein, or offer to or agree to do any of the foregoing or announce any intention to do so, other than to consummate the transactions contemplated under any of the transaction documents; and
- (b) at any time within six months following the expiry of the Initial Lock-up Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of the Company or any interest therein with respect to which it has beneficial ownership as at closing of the investment by Baytree, GE Capital, Intel Capital, Greater China and Future Choice, or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or any interest therein, or offer to or agree to do any of the foregoing or announce any intention to do so, other than to consummate the transactions contemplated under any of the transaction documents, immediately following any such transaction, China ITS Co., Ltd. and Huaxin Investments collectively will cease to hold at least 50% of the total issued share capital of our Company on a fully diluted basis.

Arrangements with the Pre-IPO Investors

In addition, the Pre-IPO Investors have agreed not to sell or transfer any Shares held by them (excluding (i) any Shares sold by any Pre-IPO Investor as part of the Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, (ii) any Shares received by Baytree and/or its nominees upon exercising the

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exchange right of the Baytree Exchangeable Bond (which are, however, effectively locked up for approximately six months from Listing Date, as discussed below), (iii) any Shares transferred by any Pre-IPO Investor to any of its subsidiaries, (iv) any Shares transferred to any wholly owned subsidiaries of Temasek Holdings (Private) Limited, and (v) any Shares transferred among controlled subsidiaries of GE for internal restructuring, accounting or tax reasons; provided however, with respect to (iii), (iv) and (v) above, any transferees are also subject to the six month lockup period) at Listing Date for a period of approximately six months after the Listing Date.

If the Global Offering is a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, the Baytree Exchangeable Bond will be fully exchanged into the Shares upon Listing. On or prior to the Listing Date, the Company will deliver an irrevocable letter of instruction to Union Registrars Limited, the Company's share registrar, to instruct it to register, no later than the third business day after six months from Listing Date, in the names of the respective designees of Baytree and CCBIAM such numbers of Shares transferable upon the automatic exchange of the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds, respectively. Until the delivery of the above-mentioned irrevocable letter of instruction, China ITS Co., Ltd. has agreed to exchange the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds into the Shares, and to register designees of Baytree and CCBIAM in the register of members of the Company and will cause its registrar to deliver the share certificates to the designees as soon as permitted by the Stock Exchange but in no event later than the third business day following six months from the Listing Date. As a result, such Shares are effectively locked up for a period of approximately six months from the Listing Date. Until the designees of Baytree and CCBIAM are registered as members of the Company, such designees will be deemed as shareholders of the Company and will enjoy rights, including economic rights but excluding voting rights, as if they were shareholders of the Company.

QUALIFIED IPO THRESHOLDS AND THE GLOBAL OFFERING

Our investment agreements with a number of our Pre-IPO Investors contain minimum market capitalization requirements. For example, a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice requires a minimum pre-IPO market capitalization of RMB3.8 billion; and a Qualified IPO for CMTF requires a market capitalization of US\$555.97 million. Based on our proposed offering structure and our indicative offer price range of HK\$2.85 per Share and HK\$3.90 per Share, we will meet the requirements for a Qualified IPO for CMTF at any price within this range, and the requirements for a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice with an Offer Price of HK\$3.20 per Share or higher.

In the event that we seek to determine the Offer Price to be between HK\$2.85 and HK\$3.19, we will be required to obtain the necessary consents from the relevant Pre-IPO Investors to approve the Global Offering at such Offer Price as a qualified IPO, which consent may or may not be given. The Company has already informed the relevant Pre-IPO Investors of the proposed price range for the Offer Shares of between HK\$2.85 and HK\$3.90 and the possibility that the Global Offering may not qualify as a qualified IPO. The Company has initiated the process for obtaining the consent of the relevant Pre-IPO Investors and expects to obtain such consent at least three days prior to the Price Determination Date if such consent is required. The Company is not aware that any relevant Pre-IPO Investor has objected to the setting of the Offer Price at between HK\$2.85 and HK\$3.19 or who intends to refuse the required consent, and the Company does not expect any difficulties in obtaining such consents if required.

The potential investors should note that if the Offer Price is set below HK\$3.20 and the necessary consents from the relevant Pre-IPO Investors are not received, we will not proceed with price determination and the Global Offering will terminate. If, as a result of the foregoing, price determination does not proceed and the Global Offering is terminated, we will issue an announcement on the Company's website and the website of the Stock Exchange as soon as practicable and in any case, no later than one business day after the decision to terminate the Global Offering is made.