

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

We were incorporated as an exempted company in the Cayman Islands under the Companies Law on April 27, 2010 with the name “Leoch International Technology Ltd”. On April 30, 2010, our name was changed to “Leoch International Technology Limited 理士國際技術有限公司”.

Our principal place of business is located on 5th Floor, Xin Bao Hui Building, Nanhai Avenue, Nanshan District, Shenzhen, Guangdong Province, PRC. We have established a place of business in Hong Kong at 12th Floor, AT Tower, 180 Electric Road, North Point, Hong Kong, and we were registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance on June 17, 2010. DLA Piper Hong Kong of 17th Floor, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong has been appointed as our agent for the acceptance of service of process in Hong Kong.

As we were incorporated in the Cayman Islands, we operate subject to Companies Law and our Memorandum and Articles of Association. A summary of various provisions of our Memorandum and Articles of Association and relevant aspects of Companies Law is set out in Appendix VI to this prospectus.

B. Changes in our share capital

Pursuant to the written resolutions of the sole shareholder of our Company passed on October 14, 2010, our authorized share capital was increased from HK\$380,000 to HK\$1,000,000,000 by the creation and issuance of an additional 9,996,200,000 Shares.

Immediately upon completion of the Global Offering and the Capitalization Issue but without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme, our issued share capital will be HK\$133,333,400 divided into 1,333,334,000 ordinary Shares each of a par value of HK\$0.10.

Except as discussed above and in the paragraphs headed “Written resolutions of the sole Shareholder of our Company passed on October 14, 2010” in this Appendix and “Reorganization” in the section headed “History, Reorganization and Group Structure” in this prospectus, there has been no alteration in our share capital since the date of incorporation of our Company.

C. Written resolutions of the sole Shareholder of our Company passed on October 14, 2010

Pursuant to the written resolutions of our sole Shareholder passed on October 14, 2010, it was resolved that:

- (a) we conditionally adopted the Articles of Association to take effect on the Listing Date;
- (b) our authorized share capital was increased from HK\$380,000 to HK\$1,000,000,000 by the creation and issue of an additional 9,996,200,000 Shares;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus, including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme; (ii) the execution and delivery of the agreement on the Offer Price between the Sole Global Coordinator and our Company on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance

with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

- (i) the Global Offering was approved and our Directors were authorized to allot and issue the Shares pursuant to the Global Offering;
 - (ii) the Over-allotment Option was approved and our Directors were authorized to effect the same and to allot and issue Shares upon the exercise of the Over-allotment Option;
 - (iii) conditional upon our share premium account being credited as a result of the Global Offering, our Directors were authorized to capitalize the amount of HK\$99,999,999.90 standing to the credit of the share premium account of the Company to pay up in full at par 999,999,999 Shares for allotment and issue to the sole Shareholder as of the date of the resolutions, each ranking pari passu in all respects with the then existing issued Shares, and our Directors were authorized to effect the same and to allot and issue Shares pursuant thereto;
- (d) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed “Share Option Scheme” of this Appendix, were approved and adopted and our Directors were authorized to implement the same, to grant options to subscribe for Shares thereunder, and to allot and issue Shares pursuant to the exercise of options which may be granted under the Share Option Scheme;
- (e) a general unconditional mandate was given to our Directors to exercise all the powers to allot, issue and deal with, otherwise than by way of rights, scrip dividend schemes or similar arrangements in accordance with the Articles, or pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted, Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue and to be issued pursuant to the Global Offering and the Capitalization Issue (excluding the aggregate nominal value of the share capital of our Company which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until whichever is the earliest of:
- (1) the conclusion of our next annual general meeting;
 - (2) the date by which our next annual general meeting is required by the Articles or any applicable law to be held; or
 - (3) the date on which such mandate is revoked or varied by an ordinary resolution by our Shareholders in general meeting;
- (f) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or equivalent rules or regulations of any other stock exchanges as amended from time to time, and such number of Shares will represent up to 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
- (1) the conclusion of our next annual general meeting; or

- (2) the expiration of the period within which our next annual general is required by the Articles or any applicable laws to be held; or
- (3) until revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (g) the general unconditional mandate mentioned in paragraph (f) above was extended by the addition to the aggregate nominal value of our share capital which may be allotted or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of our share capital repurchased by us pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the total nominal value of our share capital in issue immediately following completion of the Global Offering (without taking into account any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme).

D. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. Details of the Reorganization are set out in the section headed “History, Reorganization and Group Structure” of this prospectus.

E. Changes in the share capital of our subsidiaries

Our subsidiaries are listed in the Accountants’ Report, the text of which is set out in Note 4 of Appendix I to this prospectus.

In the two years preceding the date to this prospectus, there have been no alterations in the share capital of our subsidiaries other than:

Jiangsu Leoch

On April 23, 2010, the registered share capital of Jiangsu Leoch was increased from US\$25,000,000 to US\$34,245,210, of which US\$30,095,144 has been paid up.

Anhui Leoch Battery

On May 31, 2010, the registered capital of Anhui Leoch Battery was increased from US\$8,000,000 to US\$10,000,000, of which US\$8,400,000 has been paid up.

Zhaoqing Leoch

On April 15, 2010, the registered capital of Zhaoqing Leoch was increased from US\$8,000,000 to US\$28,000,000, of which US\$13,000,235.40 has been paid up.

F. Repurchase by our Company of its own securities

This paragraph sets forth information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a specific transaction.

As set forth in paragraph C(g) under the paragraph headed "Further information about the Company" in this Appendix, our Directors were given a general unconditional mandate to repurchase securities.

(ii) Source of funds

Repurchases must only be funded out of funds legally available for the purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands. A company may not repurchase its own securities on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any repurchases may be made out of funds legally available for the purpose, namely profits or the proceeds of a fresh issue of shares made for the purpose, or, if so authorized by its articles and subject to the Companies Law, out of capital. Any premium on a purchase may be made out of profits or the company's share premium account or, if so authorized by its articles and subject to the Companies Law, out of capital.

(iii) Trading restrictions

The total number of shares which a company is authorized to repurchase on the Stock Exchange is such number of shares which represents up to a maximum of 10% of the existing issued share capital as of the date of the resolution approving the repurchase. A company may not issue or announce an issue of securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

(iv) Shares to be purchased

The Listing Rules provide that the shares which are proposed to be purchased by a company must be fully paid up.

(v) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates for those securities must be cancelled and destroyed. Under the laws of the Cayman Islands, a company's repurchased securities are to be treated as cancelled.

(vi) Suspension of repurchases

Securities repurchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. In addition, the Stock Exchange reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

(vii) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the year, including the number of securities repurchased and the aggregate prices paid.

(viii) Connected persons

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities to the company.

(b) Share capital

The exercise in full of the repurchase mandate, on the basis of 1,333,334,000 Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option, options granted under the Share Option Scheme and any options which may be granted under the Pre-IPO Share Option Scheme not exercised), could accordingly result in our repurchase of up to 133,333,000 Shares during the period prior to the date on which such repurchase mandate expires or terminates.

(c) General information relevant to the repurchase mandate

- (i) Our Directors believe that it is in our best interests and our Shareholders' best interest to have a general authority from Shareholders to enable our Directors to repurchase Shares in the market. Repurchases of shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our net value and our assets and/or earnings per Share.
- (ii) There might be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate is exercised in full. However, our Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on our working capital requirements or on such gearing levels that our Directors consider appropriate from time to time.
- (iii) None of our Directors or, to the best of their knowledge having made all reasonable enquiries, none of their respective associates, has any present intention to sell any Shares to our Company if the repurchase mandate is exercised.
- (iv) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate only in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands. We shall procure the broker who effects the repurchase of securities to disclose to the Stock Exchange such information in relation to the purchase as the Stock Exchange may request.

- (v) If as a result of a repurchase of securities a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder (or a group of shareholders acting in concert, as defined in the Takeovers Code) could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Except as aforesaid, our Directors are not aware of any consequences that may arise under the Takeovers Code as a result of a repurchase pursuant to the repurchase mandate.
- (vi) Any repurchase of Shares which results in the amount of Shares held by the public being reduced to less than 25% could only be implemented with the agreement of the Stock Exchange to waive the requirement regarding the public shareholding referred to above. Except in extraordinary circumstances, a waiver of this provision would not normally be given by the Stock Exchange.
- (vii) No connected person (as defined in the Listing Rules) has notified us that he has any present intention to sell Shares to our Company, nor has any connected person undertaken not to do so, if the repurchase mandate is exercised.

2. FURTHER INFORMATION ABOUT THE BUSINESS

A. *Summary of material contracts*


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

- (a) a share transfer agreement dated April 15, 2010 pursuant to which Leoch Power Supply purchased the entire issued share capital of Anhui Leoch Battery from Uplus at a consideration of US\$11,943,000;
- (b) a promissory note dated April 15, 2010 in the amount of US\$11,943,000 issued by Leoch Power Supply to Uplus;
- (c) an assignment agreement dated July 30, 2010 pursuant to which Uplus assigned to Mr. Dong a promissory note in the amount of US\$11,943,000 issued by Leoch Power Supply on April 15, 2010;
- (d) an assignment agreement dated July 30, 2010 pursuant to which Mr. Dong assigned to Master Alliance a promissory note in the amount of US\$11,943,000 issued by Leoch Power Supply on April 15, 2010;
- (e) an assignment agreement dated July 30, 2010 pursuant to which Master Alliance assigned to our Company a promissory note in the amount of US\$11,943,000 issued by Leoch Power Supply on April 15, 2010;
- (f) an assignment agreement dated July 30, 2010 pursuant to which our Company assigned to Catherine Holdings a promissory note in the amount of US\$11,943,000 issued by Leoch Power Supply on April 15, 2010;
- (g) a share transfer agreement dated May 13, 2010 pursuant to which Leoch Power Supply purchased the entire issued share capital of Jiangsu Leoch from D&P at a consideration of US\$37,658,000;
- (h) a promissory note dated 13 May 2010 in the amount of US\$37,658,000 issued by Leoch Power Supply to D&P;











- (i) an assignment agreement dated July 30, 2010 pursuant to which D&P assigned to Mr. Dong a promissory note in the amount of US\$37,658,000 issued by Leoch Power Supply on May 13, 2010;
- (j) an assignment agreement dated July 30, 2010 pursuant to which Mr. Dong assigned to Master Alliance a promissory note in the amount of US\$37,658,000 issued by Leoch Power Supply on May 13, 2010;
- (k) an assignment agreement dated July 30, 2010 pursuant to which Master Alliance assigned to our Company a promissory note in the amount of US\$37,658,000 issued by Leoch Power Supply on May 13, 2010;
- (l) an assignment agreement dated July 30, 2010 pursuant to which our Company assigned to Catherine Holdings a promissory note in the amount of US\$37,658,000 issued by Leoch Power Supply on May 13, 2010;
- (m) an instrument of transfer dated May 24, 2010 whereby Catherine Holdings acquired the entire issued share capital of Honour Label from Mr. Dong in consideration of which Catherine Holdings allotted and issued, credited as fully paid, one ordinary share of US\$1.00 to our Company as directed by Mr. Dong;
- (n) an instrument of transfer dated May 24, 2010 whereby Catherine Holdings acquired the entire issued share capital of Peak Year from Mr. Dong in consideration of which Catherine Holdings allotted and issued, credited as fully paid, one ordinary share of US\$1.00 to our Company as directed by Mr. Dong;
- (o) an instrument of transfer dated May 24, 2010 whereby Catherine Holdings acquired the entire issued share capital of Sheldon from Mr. Dong in consideration of which Catherine Holdings allotted and issued, credited as fully paid, one ordinary share of US\$1.00 to our Company as directed by Mr. Dong;
- (p) a share transfer agreement dated May 31, 2010 pursuant to which Catherine Holdings acquired the entire issued share capital of Leoch Battery Corp. from Peng Hui at a consideration of US\$300,000.00;
- (q) the deed of indemnity dated October 21, 2010 made by Mr. Dong;
- (r) the deed of non-competition undertakings dated October 21, 2010 made by Mr. Dong and Master Alliance; and
- (s) the Public Offer Underwriting Agreement dated November 2, 2010.





B. *Our intellectual property rights*

- (a) As of the Latest Practicable Date, we were the registered owner of the following trademarks:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Renewal Date</u>
	Madrid	9	1005591	2009.04.22	2019.04.21

Trademark	Place of Registration	Class	Registration Number	Registration Date	Renewal Date
Leoch	Madrid	9	1005595	2009.04.22	2019.04.21
ENERPURE	Madrid	9	1042226	2010.05.10	2020.05.10
力驰宝	PRC	12	6038517	2009.11.21	2019.11.20
力驰宝	PRC	9	6038518	2010.01.21	2020.01.20
力驰康	PRC	12	6038519	2009.11.21	2019.11.20
力驰康	PRC	9	6038587	2010.01.21	2020.01.20
	PRC	9	1296165	2009.07.21	2019.07.20
力 馳	PRC	9	1396541	2010.05.14	2020.05.13
	PRC	9	3244463	2003.10.07	2013.10.06
	PRC	9	3355549	2004.02.07	2014.02.06
	PRC	9	1356349	2010.01.21	2020.01.20
UPLUS	PRC	9	4557779	2008.01.21	2018.01.20
MSB	PRC	9	1916256	2002.11.28	2012.11.27
理士	PRC	9	1435338	2010.08.21	2020.08.20
Leoch	PRC	9	6824771	2010.07.14	2020.07.13

Trademark	Place of Registration	Class	Registration Number	Registration Date	Renewal Date
力普拉斯	PRC	9	6304992	2003.03.28	2020.03.27
LEOCH	Mexico	9	1108300	2009.06.11	2019.06.10
	Canada	9, 12	TMA754838	2009.12.08	2024.12.07
	United States	9	2654254	2002.11.26	2012.11.25
	United States	9	2975289	2005.07.26	2015.07.25
	United States	9	3064948	2006.03.07	2016.03.06
LEOCH	United States	9	3537929	2008.11.25	2018.11.24
	United States	9	3474766	2008.07.29	2018.07.28
	United States	9, 12	2741169	2003.07.29	2013.07.28
LEOCH	Canada	9	TMA743300	2009.07.10	2024.07.09
	Canada	9	TMA743343	2009.07.10	2024.07.09
	European Union	9, 12	003218732	2004.09.23	2013.06.10
	European Union	9, 12	003220027	2005.4.11	2013.06.10
	Hong Kong	9, 16	301568052	2010.03.22	2020.03.22
 (with an element of blue)					

Trademark	Place of Registration	Class	Registration Number	Registration Date	Renewal Date
	Hong Kong	9, 16	301568061	2010.03.22	2020.03.22
 (with an element of blue)					
	Hong Kong	9, 16	301368070	2010.03.22	2020.03.22
 (with an element of blue)					

(b) As of the Latest Practicable Date, we had applied for the registration of the following trademarks:

Trademark	Place of Application	Class	Application Date	Application Number
	Indonesia	9	2009.03.11	D00.2009.007845
	PRC	9	2009.05.06	7375760
	PRC	9	2009.10.20	7770340
	PRC	9	2010.01.04	7966517
	PRC	9	2010.06.09	8375443
	PRC	9	2010.06.09	8375442

(c) As of the Latest Practicable Date, we have been granted the following patents:

Type of Patent	Patent Description	Patent Number	Application Date	Renewal Date	Place of Registration
Invention	Airtight VRLA lead-acid battery	HK1087248	2005.07.06	2025.07.05	Hong Kong
Registered Design	Lead-acid battery (LPF12100, LPF12150, LPF12200)	ZL200530133524.X	2005.11.14	2015.11.13	PRC
Registered Design	Lead-acid battery (LPF12-100H)	ZL200730027543.3	2007.03.28	2017.03.27	PRC

<u>Type of Patent</u>	<u>Patent Description</u>	<u>Patent Number</u>	<u>Application Date</u>	<u>Renewal Date</u>	<u>Place of Registration</u>
Utility Model	New airtight VRLA battery casing	ZL200620170736.4	2006.12.21	2016.12.20	PRC
Utility Model	Airtight VRLA battery welding machine	ZL200620170734.5	2006.12.21	2016.12.20	PRC
Utility Model	Spinning work platform for use of battery welding	ZL200620170735.X	2006.12.21	2016.12.20	PRC
Utility Model	Heat-tolerant plastic membrane used for heat seals of battery	ZL200820038613.4	2008.08.15	2018.08.14	PRC
Utility Model	Adjustable welding device used for the pneumatic of large size battery	ZL200820038611.5	2008.08.15	2018.08.14	PRC
Utility Model	Airtight VRLA golf battery	ZL200820038616.8	2008.08.15	2018.08.14	PRC
Utility Model	Airtight seal for filling port of dry charge maintenance-free motorcycle battery	ZL200820038615.3	2008.08.15	2018.08.14	PRC
Utility Model	Plastic protection pad for through-wall welding of lead-acid battery	ZL200820038612.X	2008.08.15	2018.08.14	PRC
Utility Model	Molding tools for through-wall welding, punching and soldering in the shape of oval	ZL200820038614.9	2008.08.15	2018.08.14	PRC
Utility Model	Anti-acid climbing pole	ZL200420150202.6	2004.06.17	2014.06.16	PRC
Utility Model	Airtight lead-acid battery for VRLA device and its battery	ZL200420150201.1	2004.06.17	2014.06.16	PRC

Type of Patent	Patent Description	Patent Number	Application Date	Renewal Date	Place of Registration
Utility Model	Installed plate group pressure testing machine	ZL200520034894.2	2005.07.15	2015.07.14	PRC
Utility Model	Anti-lead leakage lead-acid battery used for soldering	ZL200720118235.6	2007.01.24	2017.01.23	PRC
Utility Model	Gluing device	ZL200820147129.5	2008.09.02	2018.09.01	PRC
Invention	Airtight VRLA lead-acid battery	ZL200510021247.2	2005.07.06	2025.07.05	PRC
Invention	Nano-level composite electrolyte and its preparation method	ZL200410040933.X	2004.10.25	2024.10.24	PRC
Invention	Battery grid and casting methods	ZL200510021627.6	2005.09.01	2025.08.31	PRC
Registered Design	Lead-acid battery (12V78AH)	ZL200730174089.4	2007.09.25	2017.09.24	PRC
Utility Model	Disc-sending device for grid pasting machine	ZL200720172306.0	2007.09.29	2017.09.28	PRC
Utility Model	Water-squeezing device for grid pasting machine	ZL200720172307.5	2007.09.29	2017.09.28	PRC
Utility Model	Grids casting machine with plastic functions	ZL200720121826.9	2007.07.25	2017.07.24	PRC
Utility Model	Lead spoon device for grid casting machine	ZL200720121827.3	2007.07.25	2017.07.24	PRC
Utility Model	Grid casting machine	ZL200720121828.8	2007.07.25	2017.07.24	PRC
Utility Model	Grid casting machine	ZL200720121842.8	2007.07.26	2017.07.25	PRC
Utility Model	Grid casting machine	ZL200720172177.5	2007.09.28	2017.09.27	PRC
Utility Model	Frequency and velocity adjustable electrical machine for grid pasting machine	ZL200720172305.6	2007.09.29	2017.09.28	PRC

Type of Patent	Patent Description	Patent Number	Application Date	Renewal Date	Place of Registration
Utility Model	Past hopper device for grid pasting machine	ZL200720172309.4	2007.09.29	2017.09.28	PRC
Utility Model	Water tank device for grid casting machine	ZL200720121201.2	2007.06.28	2017.06.27	PRC
Utility Model	Squeezing device for past hopper of grid pasting machine	ZL200720172308.X	2007.09.29	2017.09.28	PRC
Utility Model	Maintenance-free VRLA battery	ZL200520064713.0	2005.09.20	2015.09.19	PRC
Registered Design	Lead-acid battery	ZL200530076077.9	2005.11.08	2015.11.07	PRC
Utility Model	Lead pipe for grid casting machine	ZL200720121825.4	2007.07.25	2017.07.24	PRC
Invention	Measuring device for lead and grid casting machine	ZL200710075253.5	2007.07.20	2027.07.19	PRC
Invention	Suction and blowing device for grid casting machine	ZL200710076158.7	2007.06.28	2027.06.27	PRC
Utility Model	Testing device for assessing the dispersion of gel electrolyte	ZL200920134674.5	2009.08.03	2019.08.02	PRC
Invention	Adjustable including device used for the pneumatic of large size battery	ZL200810022531.5	2008.08.15	2028.08.14	PRC

(d) As of the Latest Practicable Date, we had applied for the registration of the following patents in the PRC:

Type of Patent	Patent Description	Application Date	Application Number
Invention	Device for immersing parts in lead	2009.09.22	200910190728.4
Invention	Acid injecting machine for battery	2009.09.22	200910190729.9

Type of Patent	Patent Description	Application Date	Application Number
Invention	Grid casting machine for stabilizing the retraction of coats	2007.07.20	200710075252.0
Invention	Water tank device for grid casting machine	2007.06.28	200710076159.1
Invention	Testing method and device for assessing the time required to solidify gel electrolyte	2009.07.31	200910109211.8
Invention	Battery safety valve	2009.08.04	200910109240.4
Utility Model	Cooling plate of kinetic battery and kinetic battery	2009.08.13	200920134767.8
Invention	Airtight VRLA golf battery and its manufacture method	2008.08.15	200810022532.X
Invention	The manufacturing technique of the steel polar of lead-acid battery	2009.09.14	200910182435.1
Invention	New grid for improving short circuit of polar board	2009.09.14	200910182436.6
Utility Model	Simple device to material quenching of grid	2009.09.14	200920232699.9
Invention	Automatic device controlling casting and welding time and method of control	2010.05.27	201010190048.5
Invention	Automatic control device for positioning of painted plates and method of control	2010.05.27	201010190057.4

Type of Patent	Patent Description	Application Date	Application Number
Utility Model	Storage battery with protection sleeve for polar plate	2010.05.27	201020213309.6
Invention	Method and device of adding acid for extra small lead-acid storage battery	2009.08.20	200910189611.4
Invention	Control system for constant temperature	2010.08.05	201010246415.3
Invention	Temperature and humidity control system to be used in solidification room	2010.08.06	201020284026.0
Invention	Method to measure degree of oxidation of lead powder	2010.08.11	201010250854.7
Invention	a type of pliers and how to use the pliers to manufacture storage battery	2010.08.11	201010250864.0
Invention	Grounding structure of a battery box and battery box with such grounding structure	2010.08.12	201010289945.7
Invention	A painted plate device	2010.08.12	201010289955.0
Invention	A bus for casting and welding lead-acid storage battery and lead-acid storage battery	2010.08.13	201010253072.9
Invention	A system for casting and welding battery	2010.08.13	201020291640.X

<u>Type of Patent</u>	<u>Patent Description</u>	<u>Application Date</u>	<u>Application Number</u>
Invention	A covering pattern plate for storage battery and covering device	2010.08.17	201010255548.2
Invention	A post seal structure for storage battery and storage battery	2010.08.18	201010256620.3
Invention	A mold	2010.08.18	201010256643.4
Invention	A device for assembling sealing ring for small density battery	2010.08.18	201020296278.5
Invention	An anode plate	2010.08.26	201010263932.7
Invention	An adhesive for storage battery and the relevant manufacturing method and storage battery	2010.08.26	201010263982.5
Invention	A belt device for transporting psychoactive substance of recycled painted plate machine and painted plate machine	2010.09.01	201020513155.2

(e) As of the Latest Practicable Date, we were the registered owner of the following domain name(s):

<u>Domain Name</u>	<u>Expiration Date</u>
www.leoch.com	2020.09.04

The contents of the website(s), registered or licensed, do not form part of this prospectus.

Except as aforesaid, there are no other trade or service marks, patents, other intellectual or industrial property rights which are or may be material in relation to our business.

3. FURTHER INFORMATION ABOUT OUR OPERATING SUBSIDIARIES IN THE PRC

Brief particulars of the operating subsidiaries of our Company set up in the PRC are set out below:

(1) *Jiangsu Leoch*

Name:.....	江蘇理士電池有限公司 (Leoch Battery (Jiangsu) Corp.)
Date of establishment:.....	March 11, 2003
Nature:.....	Limited liability company (solely invested by Taiwan, Hong Kong and Macau legal entity)
Registered office:	Industrial Zone, Jinhua County
Registered owner:	Leoch Power Supply
Scope of business:.....	Manufacture of maintenance-free lead-acid batteries, Ni-MH batteries, Lithium batteries, Ni-Cd batteries, chargers, controllers and the relevant injection, moulding, automotive ancillary, electric car and its ancillaries, mechanical and electrical equipment and its ancillaries, emergency light, sale of its self-manufactured products, collection and recycling of scrap batteries
Registered capital:.....	US\$34,245,210 (of which US\$30,095,144 has been paid up)
Total investment:	US\$35,000,000
Attributable interest to our Group:	100%
Term of operation:.....	March 11, 2003 to March 10, 2053
Legal Representative:.....	Mr. Dong

(2) *Anhui Leoch Battery*

Name:.....	安徽理士電池技術有限公司 (Anhui Leoch Battery Technology Corp.)
Date of establishment:.....	July 26, 2006
Nature:.....	Limited liability company (solely invested by Taiwan, Hong Kong and Macau legal entity)
Registered owner:	Leoch Power Supply
Registered office:	1 Nvzhen Road, Suixi Economic Development Zone, Huaibei City
Scope of business:.....	Manufacture and sale of all kinds of batteries, car batteries and Ni-MH batteries; manufacture of battery separators and its ancillaries, floc fibers and glass fiber mat; lead smelting; processing of copper, zinc, tin alloy product material, electrolytic lead, lead alloy material product and lead chemical raw material (excluding hazardous chemicals); recycling and processing of scrap battery, scrap lead and all lead waste material
Registered capital:.....	US\$10,000,000 (of which US\$8,400,000 has been paid up)
Total investment:	US\$15,000,000
Attributable interest to our Group:	100%
Term of operation:.....	July 26, 2006 to July 26, 2056
Legal Representative:.....	Mr. Dong

(3) Shenzhen Leoch

Name:.....	深圳理士奧電源技術有限公司 (Shenzhen Leoch Battery Technology Co., Ltd)
Date of establishment:.....	April 26, 1999
Nature:.....	Limited liability company (re-invested by foreign invested enterprise)
Registered owner:	Jiangsu Leoch
Registered office:	No.9, Kukeng Tongfuyu Industrial Zone, Guanlan Town, Bao'an District, Shenzhen, PRC
Scope of business:.....	Manufacture and sale of VRLA battery; manufacture and sale of scooter, charger, power supply apparatus and ancillary; import and export of goods and technology, recycling and sale of scrap battery (without directly engaging in recycling storage and sorting) (the above does not include any circumstance where pre-approval is required or prohibited by the laws, administrative regulations or the State Council's decisions); general cargo (valid until July 1, 2011)
Registered capital:.....	RMB20,000,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	April 26, 1999 to April 26, 2019
Legal Representative:.....	Mr. Dong

(4) Zhaoqing Leoch

Name:.....	肇慶理士電源技術有限公司 (Zhaoqing Leoch Battery Technology Co., Ltd.)
Date of establishment:.....	May 9, 2005
Nature:.....	Limited liability company (solely invested by Taiwan, Hong Kong and Macau legal entity)
Registered owner:	Leoch Power Supply
Registered office:	Zhaoqing High-tech Industry Development Area
Scope of business:.....	Manufacture and operation of vehicle and motorcycle mould, high-capacity sealed maintenance-free lead-acid battery, all kinds of chargeable battery, charger, controller, hardware, plastic, electronic and mechanical and electrical products and all kinds of electric motor and battery car (excluding engine)
Registered capital:.....	US\$28,000,000 (of which US\$13,000,235.4 has been paid up)
Total investment:.....	US\$40,000,000
Attributable interest to our Group:	100%
Term of operation:	May 9, 2005 to May 8, 2055
Legal Representative:	Mr. Dong

(5) Dongguan Leoch

Name:.....	東莞市理士奧電源技術有限公司 (Dongguan Leoch Battery Technology Co., Ltd.)
Date of establishment:.....	November 27, 2002
Nature:.....	Limited liability company (solely invested by legal entity)
Registered owner:	Jiangsu Leoch
Registered office:	Nancheng Industrial Zone, Daping Village, Tangxia Town, Dongguan City

Scope of business:.....	Assembling and sale of VRLA battery, semi-finished battery and ancillary; assembling and sale of Ni-MH battery and its ancillary; research and development of the technology of and manufacture and sale of charger, moulding, injection, scooter, bicycle, power supply and ancillary research and development of the technology of electric motorcycle (where any of the items above requires a certificate, the relevant permit should be obtained); operating the export of its self-manufactured products and the import of the mechanical equipment, component and auxiliary material, except for import and export of goods and technology that is prohibited or restricted by the government
Registered capital:.....	RMB3,500,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	Infinity
Legal Representative:.....	Mr. Dong

(6) Shenzhen Leoch Battery

Name:.....	深圳理士電池技術有限公司 (Leoch Battery Shenzhen Corp.)
Date of establishment:.....	September 27, 2007
Nature:.....	Limited liability company (solely invested by legal entity)
Registered owner:	Shenzhen Leoch
Registered office:	Unit E8, E9, E148, E149, Xin Bao Hui Building, Nanhai Avenue, Nanshan District, Shenzhen, PRC
Scope of business:.....	Research and development the technology of and provide technical services for battery and power supply; sale and provide relevant information consultation for battery, power supply equipment and communication equipment; operate import and export (excluding items prohibited by the laws, administrative regulations and the State Council's decisions. Where any of the items above is restricted, the relevant permit should be obtained)
Registered capital:.....	RMB1,000,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	September 27, 2007 to September 27, 2017
Legal Representative:.....	Mr. Dong

(7) Kunming Leoch

Name:.....	昆明理士奧工程技術有限公司 (Kunming Leoch Engineering Technology Co., Ltd.)
Date of establishment:.....	May 25, 2006
Nature:.....	Limited liability company (solely invested by legal entity)
Registered owner:	Shenzhen Leoch
Registered office:	No. 1403, Unit 1, Block 3, District A, Jin Zhou Wan Lan Yu, Lianmeng Road, Panlong District, Kunming City

Scope of business:.....	Design, construction and maintenance of security and protection project; research and development and sale of power supply equipment and battery technology; sale and technical service for communication equipment, golf cart, electric cars and battery (where specific approval is required for any of the items above by the national laws or administrative regulations, the above shall be carried out in accordance with the approval and within the approved time limit)
Registered capital:.....	RMB500,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	May 25, 2006 to May 25, 2016
Legal Representative:.....	Qian Guanghong

(8) Nanjing Leoch

Name:.....	南京理士奧電源技術有限公司 (Nanjing Leoch Battery Technology Co., Ltd.)
Date of establishment:.....	March 15, 2006
Nature:.....	Limited liability company (solely invested by legal entity)
Registered owner:	Shenzhen Leoch
Registered office:	Room 901, Building#6, 399 Zhongyang Road, Gulou District, Nanjing City
Scope of business:.....	Licensed project: None; General project: research, development and provide technical service for intelligent power supply equipment and battery; sale of and provide consultation services for communication and power equipment, power supply equipment, battery, golf cart, golf cart battery and battery
Registered capital:.....	RMB300,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	March 15, 2006 to March 14, 2026
Legal Representative:.....	Xiong Zhenglin

(9) Beijing Leoch

Name:.....	北京理士奧電源技術有限公司 (Beijing Leoch Engineering Technology Co., Ltd.)
Date of establishment:.....	December 14, 2004
Nature:.....	Limited liability company (solely invested by legal entity)
Registered owner:	Shenzhen Leoch
Registered office:	Room 1002 – 1003, 28 Fuchengmenwai Street Jia, Xi Cheng District, Beijing City
Scope of business:.....	Technical service: sale of electronic products, hardware, electronic component, sport equipment and vehicle accessories
Registered capital:.....	RMB1,000,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	December 14, 2004 to December 13, 2024
Legal Representative:.....	Li Honglin

(10) Xining Leoch

Name:.....	西寧理士奧工程技術有限公司 (Xining Leoch Engineering Technology Co., Ltd.)
Date of establishment:.....	November 15, 2006
Nature:.....	Limited liability company (solely invested by legal entity)
Registered owner:	Shenzhen Leoch
Registered office:	Room 352, Building 1, 3 Xishan San Xiang, Chengxi District, Xining City
Scope of business:.....	Construction of and technical service for computer network project; sale of and technical service for power supply equipment, electric car and, reserve battery and communication equipment (excluding satellite ground-receiving equipment)
Registered capital:.....	RMB700,000 (fully paid up)
Attributable interest to our Group:	100%
Term of operation:.....	November 15, 2006 to November 15, 2010
Legal Representative:.....	Qian Guanghong

(11) Anhui Leoch Power

Name:.....	安徽理士電源技術有限公司 (Anhui Leoch Power Supply Corp.)
Date of establishment:.....	October 26, 2010
Nature:.....	Limited liability company (solely invested by Taiwan, Hong Kong and Macau entity)
Registered owner:	Leoch Power Supply
Registered office:	Suixi Economic Development Zone, Huaibei City
Scope of business:.....	Manufacture and sale of its own batteries of different types, vehicle batteries, lithium batteries manufactured; batteries casing and its spare parts, fibre threads, glass fibre mat; materials for copper, zinc, tin alloy products, electrode lead, lead alloy products, processing of raw materials for lead chemicals (excluding hazardous chemical products), glass fibre, heat solvent glue, epoxide resin glue, batteries components, electrodes, wires, batteries rack, batteries cabinet, engine cabinets, communication equipment, engine casings, chargers, power supplies, transformers, metal goods, moulds, injection moulding, plastic products, laminate paint, electroplating, surge, spray painting, toner (where any of the items above requires a certificate, the relevant permit should be obtained)
Registered capital:.....	HK\$150,000,000 (non-paid up)
Attributable interest to our Group:	100%
Term of operation:.....	October 26, 2010 to October 26, 2060
Legal Representative:.....	Mr. Dong

4. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**A. Particulars of Directors' service agreements**

Each of the executive Directors has entered into a service agreement with our Company commencing from the Listing Date for a term of three years.

The current basic annual remunerations (excluding any discretionary bonus which may be paid) payable by our Group to the executive Directors are set out below.

Executive Director

Dong Li	RMB500,000
Zhao Huan	RMB300,000
Philip Armstrong Noznesky	US\$120,000

Each of the independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date and renewable by mutual agreement on annual basis. The current basic annual remuneration payable by our Group to the independent non-executive Directors are set out below:

Independent Non-executive Director

An Wenbin	HK\$120,000
Cao Yixiong Alan	HK\$120,000
Liu Yangsheng	HK\$120,000

B. Directors' remuneration

The aggregate amount of compensation (including any salaries, fees, discretionary bonuses and other allowances and benefits in kind) paid by us during the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, to those persons who have been or are our Directors, was approximately RMB0.3 million, RMB1.5 million, RMB1.6 million and RMB1.0 million, respectively.

It is estimated that remuneration (excluding discretionary bonus) and benefits in kind equivalent to approximately RMB1.7 million in aggregate will be paid and granted to our Directors by us in respect of the year ending December 31, 2010 under arrangements in force as of the date of this prospectus.

C. Personal guarantees

Save and except as disclosed in Appendix I to this prospectus, no executive Directors or related parties have provided guarantees for debts and liabilities due by any members of our Group.

D. Interests of Directors and chief executive in our share capital in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalization Issue (without taking into account any Shares that may be issued and allotted pursuant to the exercise of the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme), the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be as follows:

Name of Director/Chief Executive	Nature of Interest	Number and class of securities*	Number and class of securities subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding ⁽⁴⁾
Mr. Dong	Interest in a controlled corporation	1,000,000,000 ⁽¹⁾ (L)	–	75%
Zhao Huan	Beneficial owner	–	1,500,000 ⁽²⁾ (L)	0.1%
Philip Armstrong Noznesky	Beneficial owner	–	1,500,000 ⁽³⁾ (L)	0.1%

Notes:

- (1) Mr. Dong is deemed to be interested in 1,000,000,000 Shares which are beneficially owned by Master Alliance, a company which is wholly owned by Mr. Dong.
 - (2) Ms. Zhao Huan has been granted an option for 1,500,000 Shares under the Pre-IPO Share Option Scheme.
 - (3) Mr. Philip Armstrong Noznesky has been granted an option for 1,500,000 Shares under the Pre-IPO Share Option Scheme.
 - (4) As required by the SFO, the relevant percentages are calculated by reference only to the Shares in issue immediately following the completion of the Global Offering and on the assumption that no Shares are allotted and issued pursuant to the exercise of the Over-allotment Option, or issued and allotted pursuant to the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme. Consequently, this is based on 1,333,334,000 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been allotted and issued.
- * The letter "L" denotes long position of the shareholder in the Shares.

E. Substantial shareholders

So far as the Directors are aware, information on the persons, not being Directors or the chief executive of our Company, who will have, immediately following completion of the Global Offering and the Capitalization Issue (without taking into account Shares that may be issued and allotted pursuant to the exercise of the Over-allotment Option, or options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme) an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group will be as follows:

Name of Shareholder	Nature of interest	Number and class of securities*	Approximate percentage of shareholding ⁽²⁾
Master Alliance ⁽¹⁾	Beneficial owner	1,000,000,000 (L)	75%

Notes:

- (1) Master Alliance is a company wholly owned by Mr. Dong.
 - (2) As required by the SFO, the relevant percentages are calculated by reference only to the Shares in issue immediately following the completion of the Global Offering and on the assumption that no Shares are allotted and issued pursuant to the exercise of the Over-allotment Option, or issued and allotted pursuant to the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme. Consequently, this is based on 1,333,334,000 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been allotted and issued.
- * The letter "L" denotes long position of the shareholder in the Shares.

5. PRE-IPO SHARE OPTION SCHEME**(a) Summary of terms of the Pre-IPO Share Option Scheme**

The purpose of the Pre-IPO Share Option Scheme is to provide incentive or reward to Eligible Persons (as mentioned in paragraph (i) below) for their contribution to, and continuing efforts to promote the interests of, our Company and to enable our Group to recruit and retain high-calibre employees.

The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of the then sole Shareholder dated May 25, 2010, are set out as follows:

(i) The Grantees

The Pre-IPO Share Option Scheme is available to the directors and employees (whether full time or part time) of any member of our Group.

(ii) Maximum Number of Shares to be Allotted

The maximum number of the Shares with respect to which options may be granted under the Pre-IPO Share Option Scheme shall be 60,000,000 Shares representing approximately 4.5% of our issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme are not exercised).

(iii) Subscription Price

The subscription price in respect of each Share under the Pre-IPO Share Option Scheme is determined by the Board at its discretion and set out in the relevant offer letters provided that it should not be less than the nominal value of the Shares.

(iv) Duration of Plan

After the Latest Practicable Date, no further options will be offered or granted under the Pre-IPO Share Option Scheme but in other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme, and options which are granted on or before the Latest Practicable Date may continue to be exercisable in accordance with their terms of issue.

(v) Exercise Period and Vesting Period

Unless otherwise provided in the offer letter(s), except for the options granted to Mr. Liu Shuen Kong, options granted under the Pre-IPO Share Option Scheme are to be vested in the following manner:

- (1) a grantee is entitled to exercise 25% of the total number of options granted at anytime during the 10 years after the second anniversary of the date of offer of the options (the "Offer Date") with the relevant vesting period from the Offer Date up to the date immediately before the second anniversary of the Offer Date.
- (2) a grantee is entitled to exercise an additional 25% of the total number of Options granted at anytime during the 9 years after the third anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the third anniversary of the Offer Date;
- (3) a grantee is entitled to exercise a further additional 25% of the total number of Options granted at anytime during the 8 years after the fourth anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the fourth anniversary of the Offer Date; and
- (4) a grantee is entitled to exercise the remaining 25% of the total number of Options granted at anytime during the 7 years after the fifth anniversary of the Offer Date, with the relevant vesting period from the Offer Date up to the date immediately before the fifth anniversary of the Offer Date.

In respect of the options granted to Mr. Liu Shuen Kong, he is entitled to exercise:

- (1) one-third of the total number of options granted at anytime during the 10 years after the first anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the first anniversary of the Offer Date;
- (2) an additional one-third of the total number of options granted at anytime during the 9 years after the second anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the second anniversary of the Offer Date; and

- (3) the remaining one-third of the total number of options granted at anytime during the 8 years after the third anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the fourth anniversary of the Offer Date.

(vi) Exercise of Options

Any exercise of an option granted under the Pre-IPO Share Option Scheme is conditional upon:

- (1) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme;
- (2) the commencement of dealings in the Shares on the Stock Exchange in any event by June 30, 2011;
- (3) any such conditions as may be specified in the offer letter in respect of the grant of options.

The expiry date of the exercise period of any such options shall be set out more particularly in the relevant offer letter in respect of the grant of options.

(vii) Rights Personal to Grantees

The option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option.

(viii) Ranking of Shares

The Shares to be allotted upon the exercise of an option shall rank *pari passu* in all respects with our fully-paid Shares in issue as of the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment.

(ix) Right to Cancel Options

The Board may cancel an option granted but not exercised with the approval of the grantee of such option.

(b) Outstanding Options Granted under the Pre-IPO Share Option Scheme

As of the Latest Practicable Date, we had conditionally granted options to subscribe for an aggregate of 39,180,000 Shares (representing approximately 2.9% of our total issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme are not exercised) to 147 participants in consideration of an option price of RMB1.00 for each acceptance of an offer of options under the Pre-IPO Share Option Scheme. The subscription price in respect of each Share under the Pre-IPO Share Option Scheme ranges from HK\$0.2 to HK\$5.0 representing (i) a discount of 96.2% and 6.5% to the high-end and (ii) a discount of 94.7% and a premium of 33.3% to the low-end of the Offer Price, respectively. No further options will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date. Assuming that all the options granted under the Pre-IPO Share Option Scheme had been exercised in full during the year ending December 31, 2010 and that 1,372,514,000 Shares, comprising 1,333,334,000 Shares to be in issue immediately after the Global Offering and 39,180,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Share Option Scheme, were deemed to have been in issue throughout

the year ending December 31, 2010, but not taking into account the Over-allotment Option and any option which may be granted under the Share Option Scheme, the pro-forma earnings per Share will be diluted from RMB0.19 to RMB0.18. Application has been made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the outstanding options granted under the Pre-IPO Share Option Scheme.

Details of (a) each of the directors of our Company or its subsidiaries and members of our senior management who have been conditionally granted options under the Pre-IPO Share Option Scheme; and (b) each of our employees who is not a director of our Company or its subsidiaries or a member of our senior management but has been conditionally granted options under the Pre-IPO Share Option Scheme to subscribe for 1,000,000 Shares or more are set out below:

Name of grantee	Residential address	Position held within our Group	Exercise price of the options per Share (HK\$)	Number of underlying Shares	Approximate percentage of total number of options granted	Approximate percentage of shareholding held upon exercise of all the options
Directors of our Company or its subsidiaries						
Philip Armstrong Noznesky	4999 Long Island Dr NW, Atlanta, GA 30327, United States	Executive Director	2.0	1,500,000	3.8%	0.1%
Zhao Huan	602, Building 5, No. 5 Wenhua Road, Technology Park, Nanshan District, Shenzhen City, China	Executive Director	1.4	1,500,000	3.8%	0.1%
Senior management of our Group						
Qian Guanghong	Room 2305, Building 8, Ding Tai Feng Hua Phase 5, Qian Hai Road, Nan Shan District, Shenzhen City, China	Vice president	0.2	2,000,000	5.1%	0.1%
Hong Yu.....	Floor 22, Building 25, Weilan Haiian Phase 2, Nan Shan District, Shenzhen City, China	Vice president	0.4	2,000,000	5.1%	0.1%

Name of grantee	Residential address	Position held within our Group	Exercise price of the options per Share (HK\$)	Number of underlying Shares	Approximate percentage of total number of options granted	Approximate percentage of shareholding held upon exercise of all the options
Li Yujiu	No. 901, Building No. 27, Fu Xing Men Wai Da Jie, Xicheng District, Beijing, China	Vice president	1.6	1,500,000	3.8%	0.1%
Xiong Zhenglin.....	2C902, Jin Se Hua Er Zi, Ding Tai Feng Hua, Qian Hai Road, Nan Shan District, Shenzhen City, China	Vice president	0.2	1,300,000	3.3%	0.1%
Peng Xiaomeng.....	14851 Jeffrey Rd. SPC 205, Irvine, CA 92618, United States	Vice president	1.8	1,000,000	2.6%	0.1%
Liu Shuen Kong	Room 1402, 14/F., Golden Industrial Building, 16-26 Kwai Tak Street, Kwai Chung, Hong Kong	Chief financial officer and company secretary	5.0	1,500,000	3.8%	0.1%

Name of grantee	Residential address	Position held within our Group	Exercise price of the options per Share (HK\$)	Number of underlying Shares	Approximate percentage of total number of options granted	Approximate percentage of shareholding held upon exercise of all the options
Employees who have been conditionally granted options to subscribe for 1,000,000 Shares or more						
Li Honglin	7C, Block B, Hai An Ming Zhu, Chuang Ye Road, Nan Shan District, Shenzhen City, China	Employee	0.4	1,300,000	3.3%	0.1%
Zheng Liqing	3B, Building 10, Weilan Hai'an Phase 1, Nan Shan District, Shenzhen City, China	Employee	1.0	1,000,000	2.6%	0.1%
Dong Zhonghua	No.409, Unit 5, Building 1, District A of Dong Yuan Ge, Dong Huan Er Road, Long Hua Town, Bao An District, Shenzhen City, China	Employee	1.0	1,000,000	2.6%	0.1%
Other employees						
136 employees as a group			In the range of HK\$0.2 to HK\$2.0	23,580,000	60.2%	1.8%
Total				<u>39,180,000</u>	<u>100%</u>	<u>2.9%</u>

As of the Latest Practicable Date, particulars of outstanding options that have been conditionally granted by us under the Pre-IPO Share Option Scheme to (i) directors of our Company or its subsidiaries; (ii) senior management members; (iii) our employees who are not director of our Company or its subsidiaries or member of our senior management but have been conditionally granted options under the Pre-IPO Share Option Scheme to subscribe for 1,000,000 Shares or more; and (iv) our other employees are as follows.

Category	Total number of grantees in each category	Number of underlying Shares subject to the options
Directors of our Company or its subsidiaries	2	3,000,000
Members of senior management	6	9,300,000
Employees conditionally granted options to subscribe for 1,000,000 Shares	3	3,300,000
Other employees	136	23,580,000
Total number of outstanding options granted under the Pre-IPO Share Option Scheme:		39,180,000

A full list of all the 147 grantees (including the grantees specifically set out above) who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Listing Rules is available for public inspection during the period as referred to in the section headed “Documents Available for Inspection” in Appendix VIII to this prospectus.

Save as disclosed, no other option has been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme. No options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

(c) Exemption from the SFC and Waiver from the Stock Exchange

In accordance with section 342(1)(b) and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, we shall disclose in this prospectus the names, addresses and the number of options granted to each of the grantees under the Pre-IPO Share Option Scheme and other required particulars such as the exercisable period, the price payable for subscription of Shares under an option, and the consideration given for grant of an option.

In accordance with Rule 17.02(1)(b) of the Listing Rules, we shall disclose full details of all outstanding options. It is also required in paragraph 27 of Part A of Appendix 1 to the Listing Rules that we shall disclose all particulars of any capital of any member of our Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

We have applied to (i) the SFC for a certificate of exemption under section 342A of the Companies Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of the Third Schedule to the Companies Ordinance, and (ii) the Stock Exchange for a waiver from full compliance with the disclosure requirements of Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix 1 to the

Listing Rules, in respect of the names and addresses of the employees of our Group to whom options have been granted under the Pre-IPO Share Option Scheme for the following reasons:

- a. given the large number of grantees who have been granted with options under the Pre-IPO Share Option Scheme, it is unduly burdensome and impracticable to include in this prospectus all the details of the grantees as required by the Companies Ordinance and the Listing Rules;
- b. the grant and exercise in full of all the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of the Company;
- c. the options have been granted to each of the employees of our Group after taking into account his or her performance, contribution to our Group and personal merit as assessed by our Directors. Since there of course exist different views of the performance and merit of any particular employee from the perspectives of other employees, disclosure of full particulars of the entitlements of all employees on an individual basis would likely have an adverse effect on the morale of the employees of our Group whether or not such employees had been granted any options under the Pre-IPO Share Option Scheme;
- d. the information disclosed in this prospectus regarding the Pre-IPO Share Option Scheme and the grantees are sufficient to provide potential investors with information to make a informed assessment of the potential dilution effect and impact on earnings per Share of the options granted under the Pre-IPO Share Option Scheme in their investment decision making process; and
- e. non-compliance with the disclosure requirements does not prevent the potential investors from making an informed assessment of our activities, assets, liabilities, financial position, management and prospects.

The Stock Exchange has granted the waiver to us, subject to the following conditions:

- (i) full disclosure in this prospectus on all options under the Pre-IPO Share Option Scheme granted to each of the Directors, senior management, connected persons and grantees who have been granted options for 1,000,000 option Shares or more, including all the particulars required under paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix 1 to the Listing Rules;
- (ii) disclosure in this prospectus, for the remaining grantees on an aggregate basis, (a) their aggregate number and the number of Shares underlying the options granted, (b) the consideration paid for the options, (c) the exercise period of each option, and (d) the exercise price of the options;
- (iii) disclosure in this prospectus the aggregate number of Shares underlying the options under the Pre-IPO Share Option Scheme and the percentage of our issued share capital represented by them, the dilution effect and impact on earnings per Shares upon full exercise of the options under the Pre-IPO Share Option Scheme; and
- (iv) availability for public inspection a full list of all grantees under the Pre-IPO Share Option Scheme with all the particulars required under the Companies Ordinance and the Listing Rules.

The SFC (pursuant to section 342A of the Companies Ordinance) has granted the certificate of exemption to us on the following conditions:

- (i) full details of the options granted by our Company under the Pre-IPO Share Option Scheme to each of the grantees who is (a) a director of our Company or its subsidiaries or a member of our Company's senior management; or (b) not a director of our Company or its subsidiaries or a member of our Company's senior management but has been conditionally granted options under the Pre-IPO Share Option Scheme to subscribe for 1,000,000 Shares or more, are disclosed in the prospectus; such details include all the particulars required under paragraph 10 of the Third Schedule to the Companies Ordinance;
- (ii) in respect of options granted by our Company to employees of our Group other than those referred to in (i) above, the following details are disclosed in this prospectus:
 - (a) the aggregate number of grantees and number of Shares subject to such options;
 - (b) the consideration paid for the grant of such options; and
 - (c) the exercise period and the exercise price for such options; and
- (iii) a list of all the grantees (including the persons referred to in (i) above) who have been conditionally granted with options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing full details as required under paragraph 10 of the Third Schedule to the Companies Ordinance, be made available for public inspection in accordance with the section headed "Documents Available for Inspection" in Appendix VIII to this prospectus.

Our Directors are also of the view that, in considering the above conditions or requirements undertaken by our Company, the issue of the certificate of exemption by SFC under section 342A of the Companies Ordinance and the grant of the waiver by the Stock Exchange from full compliance with the disclosure requirements of Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix 1 to the Listing Rules as set out in the application will not prejudice the interests of the investing public.

6. SHARE OPTION SCHEME

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by the written resolutions of all the shareholders of our Company passed on October 14, 2010. Our Directors confirm that the terms of the Share Option Scheme comply with the requirements under Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons (as defined in paragraph (b) below) for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as the Board may approve from time to time.

(b) Who may join

The Board may, at its absolute discretion, offer eligible persons (being any director or employee (whether full time or part time), consultant or advisor of our Group who in the sole discretion of the Board has contributed to will contribute to our Group) (the "Eligible Persons") to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

(c) Maximum number of Shares

- (i) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.
- (ii) Subject to paragraphs (c)(i), (iv) and (v), at the time of adoption by our Company of the Share Option Scheme or any new share option scheme (the “New Scheme”), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the “Existing Schemes”) of our Company must not in aggregate exceed 10% of the total number of the Shares in issue as at the Listing Date (the “Scheme Mandate Limit”).
- (iii) For the purposes of calculating the Scheme Mandate Limit under paragraph (c)(ii), Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted.
- (iv) The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:
- the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of Shareholders’ approval of the refreshment of the Scheme Mandate Limit;
 - options previously granted under any Existing Schemes (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
 - a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.
- (v) Our Company may seek separate approval from the Shareholders in the general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:
- the grant is to Eligible Persons specifically identified by our Company before the approval is sought; and
 - a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules and other applicable laws and rules.

in accordance with the terms of the Share Option Scheme.

(d) Maximum number of options to any one individual

No option shall be granted to any Eligible Person (the “Relevant Eligible Person”) if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all Options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the Relevant Eligible Person in the 12-month period expiring on the date on which an offer of the grant of an option under the Share Option Scheme is made to the Relevant Eligible Person would exceed 1% of the total number of Shares in issue at such time, unless:

- such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by ordinary resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his associates abstained from voting;
- a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- the number and terms (including the Subscription Price) of such options are fixed before the general meeting of our Company at which the same are approved.

(e) Price of Shares

The subscription price for a Share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be a price solely determined by the Board and notified to all Eligible Person and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of offer to grant option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of offer to grant option (the “Offer Date”) (provided that the new issue price shall be used as the closing price for any business day falling within the period before the listing Shares where our Company has been listed for less than five business days as of the Offer Date); and (iii) the nominal value of the Share. A consideration of RMB1.00 is payable on acceptance of the offer of an option or options.

(f) Granting options to connected persons

Any grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the options). If our Company proposes to grant options to a Substantial Shareholder or an independent non-executive Director of our Company or their respective associates which will result in the number and value of Shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant in aggregate exceeding: (i) 0.1% of the Shares in issue at the relevant time of grant; and (ii) HK\$5 million, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange at the date of each grant, such grant shall not be valid unless: (A) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including in particular, a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee) to the independent Shareholders as to voting); and (B) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which all Connected Persons abstained from voting in favour at such meeting.

(g) Restrictions on the time of grant of options

No offer to grant option shall be made after a price-sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price-sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be offered to be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified by our Company to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the results announcement. The period which no option may be granted will cover any period of delay in the publication of results announcement.

(h) Rights are personal to grantee

An option is personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option.

(i) Time of exercise of option

Subject to the provisions of the Listing Rules and other applicable laws and regulations, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the offer Letter) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

The date of grant of any particular option is the date on which the offer relating to such option is duly accepted by the grantee in accordance with the Share Option Scheme. An option may be exercised according to the terms of the Share Option Scheme and the offer in whole or in part by the grantee (or his personal representatives) before its expiry by giving notice in writing to our Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised provided that the number of Shares shall be equal to the size of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. Such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Share Option Scheme by Shareholders by resolution at a general meeting.

(j) Performance target

The Board may from time to time require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised. There are no specific performance targets stipulated under the terms of the Share Option Scheme and the Board is currently unable to determine such restriction on the exercise of the options granted under the Share Option Scheme.

(k) Rights on ceasing to be an Eligible Person

In the event of the grantee ceasing to be an Eligible Person for any reason other than ceasing (1) by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty or (2) by death or permanent disability the option may be exercised within one month after the date of such cessation, which date shall be (i) if he is an employee or director of our Company or any subsidiary, his last actual working day with our Company or any subsidiary whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of our Company or any subsidiary, the date on which the relationship constituting him an Eligible Person ceases.

(l) Rights on death or permanent disability

In the event that the grantee of an outstanding option dies or becomes permanently disabled before exercising the option in full or at all, the option may be exercised up to the entitlement of such grantee or, if appropriate, in the circumstances described in paragraphs (n), (o) and (q), an election made by his personal representatives within twelve months after the date of his death or permanent disability.

(m) Lapse of option on misconduct, bankruptcy or dismissal etc.

If a grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty, the right to exercise the option (to the extent not already exercised) shall terminate immediately.

(n) Rights on a general offer by way of a take-over

If a general offer by way of a take-over is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, our Company shall forthwith notify all the grantees and any grantee (or his personal representatives) may by notice in writing to our Company within 21 days after such offer becoming or being declared unconditional exercise the option to its full extent or to the extent specified in such notice.

(o) Rights on a general offer by way of a scheme of arrangement

If a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify the grantees and any grantee (or his personal representatives) may thereafter (but before such time as shall be notified by our Company) by notice in writing to our Company exercise the option to its full extent or to the extent specified in such notice.

(p) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it dispatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his options whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement become effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his personal representatives) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(q) Rights on winding-up

In the event a notice is given by our Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company other than for the purpose of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not later than four business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than one business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(r) Lapse of the options

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the periods referred to in paragraph (k), (l) or (n);
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (o);
- (iv) subject to the compromise or arrangement referred to in paragraph (p);
- (v) the date on which the grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;

- (vi) subject to paragraph (q), the date of the commencement of the voluntary winding-up of our Company;
- (vii) the date on which the grantee commits a breach of paragraph (h);
- (viii) the date on which the option is cancelled by the Board as provided in paragraph (v); or
- (ix) the non-fulfillment of any condition referred to in paragraph (x) on or before the date specified therein.

Our Company shall owe no liability to any grantee for the lapse of any option under this paragraph (r).

(s) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to our Company's Memorandum and Articles of Association and the laws of the Cayman Island for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as of the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be on or before the date of allotment and issue.

(t) Effect of alterations to share capital

In the event of any alteration to the capital structure of our Company arising from capitalization of profits or reserves, rights issue, consolidation, redenomination, subdivision or reduction of the share capital of our Company in accordance with the legal requirements or requirements of the Stock Exchange other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party. Adjustment (if any) shall be made to (a) the number or nominal amount of Shares subject to the option so far as unexercised; and/or (b) the subscription price for the Shares subject to the option so far as unexercised; and/or (c) the Shares to which the option relates; or any combination thereof as the Auditors or the independent financial advisors to our Company (acting as expert not arbitrator) shall at the request of our Company certify in writing to the Board either generally or as regards any particular grantee that the adjustments are in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto. Any such adjustments must give a grantee the same proportion of the equity capital of our Company as to which that grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule" attached to the letter of the Stock Exchange dated September 5, 2005 to all issuers relating to share option scheme) and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time (but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the Auditors or the independent financial advisors to our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the Auditors or the independent financial advisors to our Company shall be borne by our Company. Notice of such adjustment shall be given to the Grantees by our Company.

(u) Alteration of Share Option Scheme

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

- (i) the definitions of "Eligible Person" and "grantee" in the Share Option Scheme; and

(ii) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules, shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting (with participants and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the grantees as would be required of the Shareholders under the bye-laws for the time being of our Company for a variation of the rights attached to the Shares. Any change to the authority of the Board in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting. Any alterations to the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing provisions of the Share Option Scheme. Any amended terms of the Scheme or the options must comply with Chapter 17 of the Listing Rules.

(v) Cancellation of options

The Board may cancel an option granted but not exercised with the approval of the grantee of such option. No options may be granted to an Eligible Person in place of his cancelled options unless there are available unissued options (excluding the cancelled options) within the limit set out in paragraph (c) above from time to time.

(w) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued pursuant to the exercise of any such options;
- (ii) the passing of the resolutions by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any options; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

(y) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

7. OTHER INFORMATION**A. Estate duty**

We have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries in the PRC and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

B. Indemnities

Mr. Dong (the “Indemnifier”) has entered into a deed of indemnity in favor of our Group (being a material contract referred to in the paragraph headed “Summary of material contracts” of this Appendix) to provide the following indemnities in favor of our Company (for itself and as trustee for its subsidiaries).

Under the deed of indemnity, amongst others, Mr. Dong irrevocably agrees, covenants and undertakes with each of the member of our Group that he will indemnify each of the members of our Group against taxation falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things earned, accrued or received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date when the Global Offering becomes unconditional (the “Effective Date”).

Pursuant to the deed of indemnity, Mr. Dong has also undertaken to indemnify us against:

- (a) all relocation fees and any losses suffered or incurred by any member of our Group in the event that we cannot continue to use certain leased properties due to the defective titles of the relevant landlords;

- (b) all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines suffered or incurred by any member of our Group as a result of directly or indirectly or in connection with the social insurance and housing fund contributions due or payable for employees of our Group that any member of our Group failed to make prior to the Effective Date provided that such indemnity shall not cover any such claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines the amount of which arise after the Effective Date; and
- (c) all losses suffered by our Group in relation to any work-related accidents of our employees occurred before Listing, including the elevated blood lead level incidents happened during the Track Record Period.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation and other liabilities where, among others, provision has been made for such taxation and other liabilities in the audited accounts of our Group for each of the three years ended December 31, 2009 and six months ended June 30, 2010 as set out in the Accountants' Report in Appendix I to this prospectus and provision, reserve or allowance for which will be made in the audited accounts of our Company and the subsidiaries covering the period from July 1, 2010 to the Effective Date on a basis consistent with that made in the said audited accounts.

C. Litigation and Potential Claims

Save as disclosed in this prospectus, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known by the Directors to be pending or threatened by or against any member of our Group.

We have noticed certain articles that can be viewed on the Internet regarding to alleged waste water pollution issues in Jinhu county, Jiangsu province, where our Jiangsu production facility is located. Our Directors confirm that our Jiangsu production facility is in compliance with all applicable environmental laws and regulations. In addition, our environmental consultant, MWH, has inspected the water treatment plant at our production facility, and is of the opinion that we are in compliance with the applicable environmental standards. As of the Latest Practicable Date, we had not received any claims, or threats to claim, from residents of Jinhu county, Jiangsu province.

D. Promoters

Our Company has no promoter as the term is defined under the Listing Rules.

E. Application for listing

Citigroup Global Markets Asia Limited has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus including any Shares which may fall to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and may be granted under the Share Option Scheme.

F. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately US\$18,000, and are payable by our Company.

G. Qualifications of experts

The following are the qualifications of the experts which have given their opinions or advice which are contained, or referred to, in this prospectus:

Expert	Qualification
Citigroup Global Markets Asia Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 7 (providing automated trading services) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	Independent property valuers
Zhong Lun Law Firm	PRC legal advisers
Conyers Dill and Pearman	Cayman Islands barristers and attorneys
MWH Environmental Engineering (Shanghai) Co., Ltd.....	Independent environmental consultant
Asia Battery Association	Independent industry consultant

H. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with inclusion of its report and/or letter and/or valuation certificate(s) and/or the references to its name in the form and context in which they are respectively included.

As of the Latest Practicable Date, none of the experts referred to above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

I. 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 Companies Ordinance so far as applicable.

J. Miscellaneous

Except as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid for either cash or a consideration other than cash;
- (b) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) within the two years immediately preceding the date of 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:

- (d) since June 30, 2010 (being the date to which the latest audited consolidated financial statements of our Group were made up) there has not been any material adverse effect in the financial or trading position of our Group;
- (e) no founder, management or deferred shares or debentures of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (f) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (g) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (h) subject to the provisions of the Companies Law, the register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited;
- (i) none of our Directors or any of the experts referred to in the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been within the three years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be so acquired, disposed of or leased;
- (j) none of our Directors or any of the experts referred to in the paragraph headed “Consents of experts” in 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;
- (k) none of the experts referred to in the paragraph headed “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group, save in connection with the Underwriting Agreements, nor is in the employment of an officer of our Company;
- (l) none of our Directors, any of their associates (as defined in the Listing Rules) or any shareholder of our Company (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our Group’s five largest suppliers or five largest customers; and
- (m) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group within 12 months preceding the date of this prospectus.

K. Bilingual Prospectus

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