

## DEFINITIONS

*In this prospectus, the following expressions shall have the meanings set forth below unless the context otherwise requires. Certain other terms are explained in the section headed "Glossary of technical terms" in this prospectus.*

"Affiliate"	any person or entity, directly or indirectly controlling or controlled by, or under direct or indirect common control with a specified person or entity
"Apex Wide"	Apex Wide Holdings Limited (廣佳控股有限公司), a limited liability company incorporated in the BVI on July 20, 2009 and wholly-owned by Mr. Zhang, our founder, Controlling Shareholder, chairman and an executive Director
"Application Form(s)"	<b>WHITE, YELLOW</b> and <b>GREEN</b> application form(s) or, where the context requires, either one of them relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on November 16, 2010, and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of our Board
"Beijing Huajing"	Beijing Huajing Zongheng Consulting Limited* (北京華經縱橫諮詢有限公司), an Independent Third Party and an economic information research institution in China, details of which are set out in the paragraph headed "Sources of information" in the section headed "Industry overview" in this prospectus
"Blue Skies"	Blue Skies Consultancy Limited (藍天顧問有限公司), a limited liability company incorporated in the BVI and wholly owned by Mr. Suo Lang Duo Ji (索郎多吉) and, save in relation to its pre-IPO investment into our Company, an Independent Third Party
"Board"	our board of Directors
"Business Day"	any day (excluding Saturday, Sunday or public holidays) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands

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“CCAM”	China Cinda (HK) Asset Management Co., Limited (中國信達(香港)資產管理有限公司), a limited liability company incorporated in Hong Kong and wholly owned by Well Kent, which in turn is wholly owned by China Cinda and, save in relation to its pre-IPO investment into our Company, an Independent Third Party
“Capitalization Issue”	the issue of 877,499,800 Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company as referred to under the paragraph headed “Resolutions in writing of all our Shareholders passed on November 16, 2010” under the section headed “Further information about our Company and its subsidiaries” in Appendix VI to this prospectus
“CAS”	Chinese Academy of Sciences (中國科學院)
“Cayman Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CIG”	Chinaland Investment Group Limited, a limited liability company incorporated in the BVI and wholly owned by Ms. Cai Yunye (蔡云曄) and, save in relation to its pre-IPO investment into our Company, an Independent Third Party
“China Angel”	China Angel Investment Management Limited (中國天使投資管理有限公司), a limited liability company incorporated in the BVI and wholly owned by Mr. Jiang Qi Hang (江啟航) and, save in relation to its pre-IPO investment into our Company, an Independent Third Party

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“China Cinda”	China Cinda Asset Management Corporation (中國信達資產管理公司), a wholly state-owned financial corporation established in the PRC and, save in relation to CCAM’s pre-IPO investment into our Company, an Independent Third Party
“Circular No. 75”	Circular on several issues concerning foreign exchange regulation of corporate finance and roundtrip investments by PRC residents through special purpose companies incorporated overseas (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知 (滙發[2005]75號), promulgated on October 21, 2005 and effective on November 1, 2005
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented or otherwise modified from time to time
“Connected Person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules and, unless the context requires otherwise, refers to Apex Wide and Mr. Zhang
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“DAVY Process Technology Limited”	a UK Company which develops DAVY Process
“Deed of Non-competition Undertaking”	a deed of non-competition undertaking dated November 17, 2010 entered into by the Controlling Shareholders in favour of our Company, details of which are disclosed in the section headed “Relationship with our Controlling Shareholders” in this prospectus
“Director(s)”	the director(s) of our Company, including all executive, non-executive and independent non-executive directors, as at the Listing Date
“Dongying AIC”	Dongying Administration for Industry and Commerce (東營市工商行政管理局)
“Dongying FTEC”	Dongying Foreign Trade and Economic Cooperation Bureau (東營市對外貿易經濟合作局)

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“Dongying Shengli”	Dongying Shengli A&C Chemical Co., Ltd.* (東營勝利中亞化工有限公司), a WFOE established in the PRC on August 28, 2003 and the principal operating subsidiary of our Company, in which we indirectly hold 100% equity interest
“E.U.”	the European Union
“Eminent Gains”	Eminent Gains Limited (嘉益有限公司), a limited liability company incorporated in BVI on July 30, 2009 and a direct wholly-owned subsidiary of our Company
“Exit Investor 1”	CCB International Asset Management GSOF Limited, a limited liability company incorporated in the BVI and wholly-owned by CCB International Asset Management Company Limited, an affiliate of CCB International Capital Limited
“Exit Investor 2”	Trooper Group Limited, a limited liability company incorporated in the BVI and an Independent Third Party
“Exit Investors”	Exit Investor 1 and Exit Investor 2
“Freedonia”	Freedonia Custom Research Inc., an Independent Third Party and a business research company, details of which are set out in the paragraph headed “Sources of information” in the section headed “Industry overview” in this prospectus
“Full Smart”	Full Smart Development Limited (盈才發展有限公司), a limited liability company incorporated in Samoa on October 25, 2000 and a direct wholly-owned subsidiary of our Company. It was incorporated with the name “Full Smart Investments Limited (盈才發展有限公司)” which was subsequently changed to “Full Smart Development Limited (盈才發展有限公司)” on October 16, 2007, later to “Great Boom Holdings Limited (宏茂控股有限公司)” on May 12, 2009 and back to “Full Smart Development Limited (盈才發展有限公司)” on November 4, 2009
“Full Win New Material”	Shandong Full Win New Material Science and Technology Co., Ltd.* (山東匯盈新材料科技有限公司), a WFOE established in the PRC on April 2, 2008 in which we indirectly hold 100% equity interest
“Global Offering”	the Hong Kong Public Offering and the International Offering

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“government authority”	any public, regulatory, taxing, administrative or governmental agency or authority (including, without limitation, the Hong Kong Stock Exchange and the SFC), other authority and any court at the national, provincial, municipal or local level
“GREEN Application Form(s)”	The application form(s) to be completed by <b>White Form eIPO</b> service provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “we” “our” or “us”	our Company and, except where the context otherwise requires, all of its subsidiaries and jointly controlled entities from time to time including, in respect of the period before our Company became the holding company of such subsidiaries, the entities which carried on our present business at all relevant times
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Hong Kong Offer Shares”	the Offer Shares offered for subscription pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer by our Company of initially 29,250,000 Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%) on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the paragraph headed “The Hong Kong Public Offering” under the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the paragraph headed “Hong Kong Underwriters” under the section headed “Underwriting” in this prospectus
“Huajing Report”	the report prepared by Beijing Huajing
“Hong Kong Underwriting Agreement”	the underwriting agreement dated November 29, 2010 relating to the Hong Kong Public Offering entered into by, our Company, the Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters
“IAM”	Integrated Asset Management (Asia) Limited, a limited liability company incorporated in the BVI and wholly owned by Mr. Yam Tak Cheung (任德章)
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected (within the meaning of the Hong Kong Listing Rules) with any directors, chief executive or substantial shareholders (within the meaning of the Hong Kong Listing Rules) of our Company, its subsidiaries or any of their respective associates
“International Offer Shares”	the 263,250,000 Offer Shares being initially offered for subscription under the International Offering, together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the conditional placing of the International Offer Shares (a) in the United States to qualified institutional buyers (as such term is defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act or another exemption from the registration requirements under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the paragraph headed “The International Offering” under the section headed “Structure of the Global Offering” in this prospectus

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“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering which is expected to be entered into among our Company, the Controlling Shareholders and the Joint Global Coordinators on behalf of the International Underwriters on or around December 3, 2010
“International Underwriters”	the underwriters of the International Offering, led by the Joint Global Coordinators
“IPCCAS”	Technical Institute of Physics and Chemistry of the Chinese Academy of Sciences (中國科學院理化技術研究所)
“Joint Global Coordinators” or “Joint Bookrunners” or “Joint Lead Managers”	CCB International Capital Limited, Piper Jaffray Asia Securities Limited and Macquarie Capital Securities Limited
“Joint Sponsors”	CCB International Capital Limited and Piper Jaffray Asia Limited
“King General”	King General (HK) Limited (普君(香港)有限公司), a limited liability company incorporated in Hong Kong on August 18, 2009 and an indirect wholly-owned subsidiary of our Company
“Latest Practicable Date”	November 23, 2010, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“laws”	all laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings of any governmental authority and “law” includes any one of them
“Listing”	the listing of our Shares on the Hong Kong Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
“Listing Date”	December 13, 2010, being the date on which dealings in the Shares are expected to commence on the Hong Kong Stock Exchange
“Max Talent”	Max Talent Holdings Limited, a limited liability company incorporated in the BVI on January 16, 2008 and wholly owned by Mr. Zhang

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“Memorandum”	the memorandum of association of our Company adopted on August 27, 2009, as amended from time to time
“MEP”	Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部), formerly known as State Administration for Environmental Protection of the PRC (中國國家環保總局)
“Mint World”	Mint World (HK) Limited (銘華(香港)有限公司), a limited liability company incorporated in Hong Kong on February 12, 2008 and an indirect wholly-owned subsidiary of our Company
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zhang”	Mr. Zhang Kaijun (張凱鈞), (formerly known as Mr. Zhang Ke (張克)), the founder of our Group and chairman of our Board, an executive Director, a Controlling Shareholder and the sole shareholder of Apex Wide
“NDRC”	National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Hong Kong Public Offering, to be determined as further described in paragraph headed “Determining the Offer Price” under the section headed “Structure of the Global Offering” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Offer Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option
“our Company” or “the Company”	China New Materials Holdings Limited (中國新材控股有限公司), a limited liability company incorporated in the Cayman Islands on August 27, 2009



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“Over-allotment Option”	the option to be granted by us to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 43,875,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, to, among other things, cover over-allocations in the International Offering as further described in the paragraph headed “Over-allotment Option and stabilization” under the section headed “Structure of the Global Offering” in this prospectus
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China” or the “People’s Republic of China”	the People’s Republic of China, but for the purposes of this prospectus, unless otherwise required in the context, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“PRC EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), promulgated on March 16, 2007 by the National People’s Congress which became effective as at January 1, 2008
“PRC government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“Pre-IPO Investors”	IAM, CCAM, CIG, China Angel, Sun Ascent and Blue Skies
“Previous Potential Investor”	Wai Chun Investment Fund (偉俊投資基金), a limited liability company incorporated in the Cayman Islands
“Price Determination Date”	the date, expected to be on or around December 3, 2010 but no later than December 10, 2010, on which the Offer Price is fixed for the purposes of the Global Offering
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act

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“Remuneration Committee”	the remuneration committee of our Board
“Reorganization”	the corporate reorganization undergone by our Group in preparation for the Listing as described in the section headed “History, Reorganization and corporate structure” in this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to the Directors by our Shareholders, further details of which are set out in the paragraph headed “Repurchase by our Company of its own Shares” under the section headed “Further information about our Company and its subsidiaries” in Appendix VI to this prospectus
“Rule 144A”	Rule 144A under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SAWS”	State Administration of Work Safety of the PRC (中華人民共和國國家安全生產監督管理總局)
“SFC” or “Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Shandong Jiatai”	Shandong Jiatai Petroleum Chemicals Limited* (山東佳泰石油化工有限公司), a limited liability company incorporated in the PRC and an Independent Third Party
“Shandong Jinpeng”	Shandong Terra Nostra-Jinpeng Metallurgical Co., Ltd* (山東金鵬銅業有限公司), a limited liability company incorporated in the PRC in which Mr. Zhang held approximately 39.19% equity interest
“Shandong Shengming”	Shandong Shengming Group Limited* (山東盛銘集團有限公司), a limited liability company incorporated in the PRC and an Independent Third Party

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“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on November 16, 2010, the principal terms of which are summarized under the section headed “Share Option Scheme” in Appendix VI to this prospectus
“Stabilizing Manager”	CCB International Capital Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilizing Manager and Apex Wide on or around December 3, 2010, pursuant to which the Stabilizing Manager (or its affiliates) may choose to borrow up to 43,875,000 Shares from Apex Wide to cover any over-allocation in connection with the Global Offering
“subsidiary(ies)”	has the meaning ascribed to it under section 2 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Sun Ascent”	Sun Ascent Investment Limited (陽光投資有限公司), a limited liability company incorporated in the BVI and wholly owned by Mr. Qin Kebo (秦克波)
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Track Record Period”	the three financial years ended December 31, 2007, 2008 and 2009 and the five months ended May 31, 2010
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

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“U.S.” or “United States”	the United States of America, including its territories and possessions
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Well Kent”	Well Kent International Investment Company Limited (華建國際投資有限公司), a limited liability company incorporated in Hong Kong and wholly owned by China Cinda and, save in relation to CCAM’s pre-IPO investment into our Company, an Independent Third Party
“WFOE(s)”	wholly-owned foreign enterprise(s) in the PRC
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicants’ own name by submitting applications online through the designed website at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Zibo NHT Economic Development Bureau”	Zibo New-Hi Tech Industrial Development Zone Economic Development Bureau (淄博高新技術產業開發區經濟發展局)
“%”	per cent

Unless otherwise stated, the following exchange rates which are used in this prospectus are for information only:

RMB1.00 = HK\$1.1703

Unless otherwise specified, statements contained in this prospectus assume no exercise of the Over-allotment Option.

If there is any inconsistency between the official Chinese name of the PRC laws or regulations or the PRC government authorities or the PRC entities mentioned in this prospectus and their English translation, the Chinese version shall prevail. English translations of official Chinese names which are marked with “\*” are for identification purpose only.

All times referred to in this prospectus in relation to the Global Offering refer to Hong Kong local time.