

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Controlling Shareholder

Immediately following completion of the Capitalization Issue and the Global Offering, Mr. Zhang will, through his shareholding in Apex Wide, own approximately 40.5% of the post offering enlarged issued share capital of our Company (assuming the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised) and hence will continue to be the Controlling Shareholder of our Company.

Apex Wide is a limited liability company incorporated in the BVI on July 20, 2009 and its sole shareholder, Mr. Zhang was brought up and has lived in the PRC for a substantial period of time.

To the best knowledge and belief of the Directors, Apex Wide is not a governmental body and Mr. Zhang is not and has not been a full time government official of a country for a substantial period of time nor a full time employee of a state/government-owned/operated entity for a substantial period of time.

Other Businesses of the Controlling Shareholder

As at the Latest Practicable Date, apart from his interest in our Group, Mr. Zhang also held approximately 39.2% of the equity interest in Shandong Jinpeng, but did not hold any directorship in Shandong Jinpeng or control the composition of a majority of the board of directors of Shandong Jinpeng.

The principal businesses of Shandong Jinpeng are the production and sale of copper cathode, oxygen free copper rod, copper-tubes, nonferrous metal casting, copper products and magnet wire, and are distinctly different and are not related to the businesses of our Group. As such, there is generally no competition between our Group's and Shandong Jinpeng's businesses. Mr. Zhang has confirmed that, as at the Latest Practicable Date, Shandong Jinpeng did not carry on or participate in any business which is or may be in competition with the businesses of our Group.

Mr. Zhang is not engaged in any other business which is or may be in competition with the businesses of our Group.

Independence of Our Group from the Controlling Shareholder

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholder and his associates after the Global Offering.

Management Independence

Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Zhang, our Controlling Shareholder, is the chairman of our Board and an executive Director.

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Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflicts between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, according to our Articles, the interested Director(s), unless required by a majority of our independent non-executive Directors, shall not attend or participate in the discussion of the relevant resolutions at the relevant board meetings of our Company, shall abstain from voting at the relevant resolutions in respect of such transactions and shall not be counted in the quorum.

In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Group independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

Operational Independence

Our major suppliers are all accessible independently from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates for the provision of such raw materials.

We hold all relevant licenses and assets necessary to operate our businesses, and we have sufficient capital and employees to operate our business independently.

We also have independent access to our customers including PRC manufacturers of different industries such as chemicals, pharmaceutical and industrial electronics, which are independent from the Controlling Shareholders and their associates. Our Company independently manages its own sourcing, marketing, distribution and customer relationship operations, and does not rely on the Controlling Shareholders and their associates for access to customers.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors confirm that as at the Latest Practicable Date, all financial assistance, including amounts due to, and loans or guarantees provided by our Controlling Shareholders to our Group, were repaid or released or otherwise settled in full. Therefore, there is no financial dependence on our Controlling Shareholders.

Non-competition Undertaking

Each of Mr. Zhang and Apex Wide has entered into the Deed of Non-competition Undertaking dated November 17, 2010 in favor of our Company, pursuant to which Mr. Zhang and Apex Wide have jointly and severally, unconditionally and irrevocably undertaken to our Company (for itself and for the benefit of its subsidiaries) that he or it

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would not, and would procure that his or its affiliates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in, acquire, hold, form partnerships or joint ventures in, or extend any loans to (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time.

Such non-competition undertaking does not apply where Mr. Zhang and Apex Wide or his or its affiliates has interests in the shares of a company whose shares are listed on a recognized stock exchange provided that:

- (i) the total number of the shares held by Mr. Zhang and Apex Wide and/or their respective affiliates in aggregate does not exceed 5% of the issued shares of that class of the company in question and Mr. Zhang and Apex Wide and/or their respective affiliates are not entitled to appoint more than half of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company is more than the total number of shares held by Mr. Zhang and Apex Wide and their respective affiliates in aggregate; and
- (ii) the total number of shares held by Mr. Zhang and Apex Wide and/or their respective affiliates shall not exceed 5% of the issued share capital of that company.

Under the Deed of Non-competition Undertaking, Mr. Zhang and Apex Wide further undertake to our Company that among other things:

- (i) Mr. Zhang and Apex Wide shall allow, and shall procure that the relevant associates (excluding us) to allow, the Directors and auditors of the Company to review, at least on an annual basis, compliance of the deed of non-competition by Mr. Zhang and Apex Wide;
- (ii) Mr. Zhang and Apex Wide shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the deed of non-competition;
- (iii) our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the deed of non-competition either through the annual report, or by way of announcement to the public; and
- (iv) Mr. Zhang and Apex Wide shall provide to our Company with a confirmation annually for inclusion by our Company in its annual report, in respect of their compliance with the terms of the deed of non-competition.

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The “restricted period” stated in the deed of non-competition refers to the period commencing from the date of the deed of non-competition and shall expire on the earlier of (i) the first anniversary of the date on which Mr. Zhang and Apex Wide and his or its affiliates cease to have any interest in the issued share capital of our Company; (ii) the date on which the Shares cease to be listed on the Stock Exchange; and (iii) the date on which Mr. Zhang and Apex Wide individually or jointly cease to (a) exercise or control 30% or more of the voting rights at shareholders’ meetings of, or (b) be the single largest shareholder of, the Company.

All Directors confirmed that they do not engage in any business which competes, or is likely to compete, directly or indirectly, with our Company’s business.