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## HISTORY AND DEVELOPMENT

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### HISTORY AND DEVELOPMENT

Jiangnan Cable, our principal operating subsidiary and the major contributor to our results of operations during the Track Record Period, was established in February 2004. Upon incorporation, it had a registered capital of US\$10,000,000 and was wholly owned by Asia Cable. Asia Cable paid up such registered capital with funds paid by its shareholders.

In February 2004, in order to streamline the corporate structure, Jiangnan Cable entered into an agreement to acquire the assets and business of wires and cables, including the “” brand from Wuxi Jiangnan and such agreement was supplemented by a supplemental agreement entered into in April 2004. The consideration of such acquisition was RMB88,088,852.20, which was determined by reference to the evaluated value of certain assets and liabilities of Wuxi Jiangnan as at 31 December 2003 and the adjustment as a result of the change of inventory and short term loans after 31 December 2003. Such assets and liabilities comprised buildings, equipment, construction in progress, inventory and short term loans of Wuxi Jiangnan. Wuxi Jiangnan was established in 1997 to engage in the manufacturing and sales of wire and cable products. At the time of the acquisition, both Wuxi Jiangnan and Jiangnan Cable were under the control of Mr. Rui Fubin and Mr. Rui Yiping. Mr. Rui Fubin is the father of Mr. Rui Yiping.

Asia Cable, the holding company of Jiangnan Cable at the time of its establishment, was incorporated under the laws of Singapore in February 2004. As at 25 February 2004 (being the date of establishment of Jiangnan Cable), Asia Cable was held as to (i) 90% by Power Heritage which was then held equally by Mr. Rui Fubin and Mr. Rui Yiping; and (ii) 10% by Prestige Time, an Independent Third Party. In August 2004, Power Heritage transferred 7% of the entire issued share capital of Asia Cable to Active Capital, an Independent Third Party, at an agreed consideration of S\$1,134,599.2, which was determined by reference to the then registered capital of Jiangnan Cable of US\$10,000,000 paid up by Asia Cable as shareholder of Jiangnan Cable and the then shareholding of Active Capital in Asia Cable immediately after such transfer (i.e. 7% of Asia Cable). Upon completion of the transfer, Asia Cable was held as to (i) 83% by Power Heritage; (ii) 10% by Prestige Time; and (iii) 7% by Active Capital. To the best knowledge of our Directors, the shareholders of Prestige Time and Active Capital at the time when they were shareholders of Asia Cable were Mr. David Wang Xin and Mr. Jiang Liqun, respectively. Both Mr. David Wang Xin and Mr. Jiang Liqun were introduced to Mr. Rui Fubin, our chairman, chief executive officer and executive Director, by an acquaintance of Mr. Rui Fubin.

In April 2006, Prestige Time and Active Capital transferred all their respective shares in Asia Cable to Mr. Rui Yiping at the nominal consideration of S\$1 for each of the transfers, which was determined after taking into account that (i) only the par value of the shares in the total sum of S\$100, out of the subscription monies payable by Prestige Time in the amount of S\$1,620,856 (which was determined by reference to the then registered capital of Jiangnan Cable of US\$10,000,000 paid up by Asia Cable as the shareholder of Jiangnan Cable and the then shareholding of Prestige Time in Asia Cable immediately after such subscription (i.e. 10% of Asia Cable)) were paid by Prestige Time; and (ii) the agreed transfer price for the transfer

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of 7% of the entire issued share capital of Asia Cable from Power Heritage to Active Capital were not paid by Active Capital. As a result of the transfer, Asia Cable was held as to 17% by Mr. Rui Yiping personally and the remaining 83% by Power Heritage, which was in turn held by Mr. Rui Fubin and Mr. Rui Yiping equally.

In May 2006, Asia Cable transferred the entire equity interest in Jiangnan Cable at the consideration of US\$10,000,000 to Extra Fame, a company incorporated under the laws of BVI which was then held as to 83% by Power Heritage and 17% by Mr. Rui Yiping. The said consideration of US\$10,000,000 was determined by reference to the then registered capital of Jiangnan Cable and was settled by the issue and allotment of 9,999,999 shares in Extra Fame to Mr. Rui Yiping and Power Heritage. The equity interest of Jiangnan Cable was transferred from Asia Cable to Extra Fame, because Mr. Rui Fubin and Mr. Rui Yiping considered that it would be administratively easier to manage a holding company incorporated in the BVI, compared with a company incorporated in Singapore.

In April 2007, to cope with its continued business development, the registered capital of Jiangnan Cable was increased from US\$10,000,000 to US\$20,000,000 and its total investment amount was increased from US\$15,000,000 to US\$29,000,000. The additional registered capital was contributed by way of unappropriated profits of Jiangnan Cable.

Our Company considered that there were increasing business opportunities in the South African wire and cable market, and therefore SA Asia Cable was incorporated in June 2005 under the laws of South Africa and was held as to 40% by Mr. Rui Yiping, 30% by Mr. Dong Bocheng and 30% by Mr. Chu Hui as nominee shareholders. Mr. Rui Yiping is our executive Director, general manager (marketing and sales) and a Controlling Shareholder. Mr. Chu Hui is the son-in-law of Mr. Rui Fubin and brother-in-law of Mr. Rui Yiping. At that time, Mr. Chu Hui already had more than five years' experience in wire and cable industry in China. Taking into account of his experience and that our chairman could not physically be present in both the PRC and South Africa at all times, Mr. Chu Hui was assigned by Jiangnan Cable to oversee the establishment and operations of SA Asia Cable. Mr. Dong was introduced to Mr. Rui Fubin by a relative of Mr. Rui Fubin in 2003. Mr. Dong had engaged in South Africa commercial trade since 1995. As Mr. Rui Fubin considered that Mr. Dong was familiar with the South African market and had substantial experience in running business in South Africa, Mr. Rui Fubin invited Mr. Dong to join us to be a director of SA Asia Cable. Mr. Rui Yiping and Mr. Dong have been directors of SA Asia Cable since the incorporation of SA Asia Cable and Mr. Chu Hui was director of SA Asia Cable from the date of incorporation of SA Asia Cable to 11 January 2011. Save as otherwise disclosed in this prospectus, the nominee shareholders do not have any past or present relationship with us, our shareholders, directors, senior management, or any of their respective associates. Our Directors confirmed that it was the initial intention between the nominee shareholders and Jiangnan Cable that the nominee shareholders held the interests in SA Asia Cable since its incorporation on trust for Jiangnan Cable as beneficial owner. The trust arrangement was established to expedite the establishment of SA Asia Cable in 2005. As advised by our South African Legal Adviser, it was not required to register the equity trust agreement under South African laws. At the time when the trust arrangement was formed in June 2005, in order to expedite the investment in South Africa, Jiangnan Cable had

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failed to obtain the necessary approval from MOFCOM in the PRC for its foreign investment in SA Asia Cable (the “Relevant Approval”) and our PRC Legal Adviser has advised that there was irregularity in respect of Jiangnan Cable being a shareholder of SA Asia Cable under the PRC laws as Jiangnan Cable had made such foreign investment prior to the grant of the Relevant Approval. However, as advised by our PRC Legal Adviser, given that (i) the Relevant Approval was subsequently obtained in 2006, which had rectified the irregularity; (ii) there is no applicable PRC law currently in force that imposes punishment in respect of the aforesaid irregularity; and (iii) the legality and validity of Jiangnan Cable being a shareholder of SA Asia Cable was endorsed in the subsequent annual inspection filed by Jiangnan Cable with Yixing City Bureau of Commerce, Jiangnan Cable is a legal shareholder of SA Asia Cable.

On incorporation, SA Asia Cable was principally engaged in the sales of wires and cables. In 2007, we entered into a five-year master supply agreement with Eskom to supply conductor and thus established our first major customer base in South Africa. With certain products of our Group certified by SABS and being a supplier to Eskom, the Directors consider that SA Asia Cable is well-positioned to further build up its customer base in South Africa. In July 2007, in order to formalise the trust arrangement, Jiangnan Cable, as settlor, entered into an equity trust agreement with all the nominee shareholders of SA Asia Cable, namely Mr. Rui Yiping, Mr. Dong Bocheng and Mr. Chu Hui, collectively, as trustees. Pursuant to the said equity trust agreement, the parties agreed and confirmed that the entire issued share capital in SA Asia Cable was beneficially owned by Jiangnan Cable and was held in the names of Mr. Rui Yiping, Mr. Dong Bocheng and Mr. Chu Hui as trustees. Our PRC Legal Adviser has advised us that the said equity trust agreement, which was governed by the PRC laws, is legal, valid and enforceable. To formalise the shareholding structure of SA Asia Cable and for Jiangnan Cable to become the registered shareholder of SA Asia Cable, in August 2009, Mr. Rui Yiping, Mr. Dong Bocheng and Mr. Chu Hui transferred the legal interest in the entire issued share capital in SA Asia Cable to Jiangnan Cable at the consideration of ZAR400, ZAR300 and ZAR300, respectively, being the nominal value of the respective shares of SA Asia Cable. As a result of such transfers, Jiangnan Cable was registered as the sole shareholder of SA Asia Cable.



In November 2010, it was approved by the directors of Jiangnan Cable that the registered capital of Jiangnan Cable was increased from US\$20,000,000 to US\$50,000,000 and its total investment was increased from US\$29,000,000 to US\$75,260,000. Such proposed increase was approved by the approving authority on 6 December 2010. US\$10,000,000 of the increased registered capital was paid up in December 2010. The remaining balance of US\$20,000,000 of the increased registered capital is required to be paid up by 5 December 2012. As at the Latest Practicable Date, such remaining balance had not been paid up and is expected to be paid up in the fourth quarter of 2012 through our internal resources.

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The following highlights the significant development milestones in our history of corporate and operational development to date:

<b>Date</b>	<b>Milestones</b>
August 1997	Wuxi Jiangnan was established.
March 1998	The “  ” brand was registered under Wuxi Jiangnan.
August 2002	Wuxi Jiangnan had capabilities to produce cross-linked power cables.
February 2004	Jiangnan Cable was established under the PRC laws.  Jiangnan Cable entered into an agreement with Wuxi Jiangnan to acquire its wire and cable assets and business, including the “  ” brand.
August 2004	Our XLPE power cables were accredited as China Famous Products (September 2004 – October 2008) (中國名牌產品 (2004年9月至2008年10月)) by the General Administration of Quality, Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局).
June 2005	SA Asia Cable was established under the laws of South Africa.
August 2005	We commenced production of ACSR cables.
December 2005	Our products were accredited as National Free of Inspection Products (2005-2008) (國家免檢產品 (2005年至 2008年)) by the General Administration of Quality, Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局).
August 2006	Nuclear power plant cables manufactured by us passed the tests conducted by China National Centre for Quality Supervision and Test of Electric Wire and Cable (國家電線電纜質量監督檢驗中心).

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Date	Milestones
December 2006	Our “  ” brand was recognised as Jiangsu Province Renowned Trademark (江蘇省著名商標) by Jiangsu Administration for Industry and Commerce (江蘇省工商行政管理局).
September 2007	Jiangnan Cable was accredited as Key High Technology Enterprise under the State Torch Program (國家火炬計劃重點高新技術企業) by Torch High Technology Industry Development Centre, Ministry of Science and Technology (科學技術部火炬高技術產業開發中心) in the PRC.
December 2007	Our products were accredited as Customer Satisfaction Products (用戶滿意產品) by China Association for Quality (中國質量協會) and National Committee for Customers (全國用戶委員會).
May 2008	We obtained the National Laboratory Accreditation Certificate (國家實驗室認可證書) granted by China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會).
July 2009	We established a research workstation (院士工作站) for research with members of the China Academy of Engineering (中國工程院) and China Academy of Sciences (中國科學院) in wire and cable technology.
January 2010	Our “  ” brand was recognised as a China Well-known Trademark (中國馳名商標) by the Trademark Office of the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局商標局).
August 2010	We established a state postdoctoral research workstation (國家級博士後工作站).

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<b>Date</b>	<b>Milestones</b>
December 2010	<p>Jiangnan Cable was accredited as Key High Technology Enterprise under the revised standard of the State Torch Program (國家火炬計劃重點高新技術企業) by Torch High Technology Industry Development Center, the Ministry of Science and Technology (科學技術部火炬高技術產業開發中心) in the PRC (with a validity period of three years).</p> <p>We commenced production of high voltage cables with rated voltage of 110kV.</p> <p>Jiangnan Cable was accredited as an Electrical Wire and Cable Export Base Enterprise of Jiangsu Province (江蘇省電線電纜出口基地企業) by the Department of Commerce, Jiangsu Province (江蘇省商務廳).</p> <p>Our “” brand for our cables and wires was accredited as a Jiangsu Famous Brand (December 2010 – December 2013) (江蘇名牌產品證書(2010年12月至2013年12月)) by the Jiangsu Commission for Brand Promotion Strategy (江蘇省名牌戰略推進委員會).</p>
March 2011	<p>Jiangnan Cable was accredited as Key High Technology Enterprise of Yixing under the State Torch Program (國家火炬計劃宜興電線電纜產業基地骨幹企業) by Torch High Technology Industry Development Centre, the Ministry of Science and Technology (科學技術部火炬高技術產業開發中心) in the PRC.</p>
October 2011	<p>We commenced commercial production of high and ultra-high cables with rated voltage of 220~500kV (220~500kV高壓及超高壓電纜) with production capacity of approximately 1,000 km.</p>

### PRE-IPO INVESTMENT

Pursuant to the Investment Agreement, Furui Investments had agreed to subscribe for 2.31% of the issued share capital of Extra Fame at the total subscription price of US\$5,500,000 while Sinostar had agreed to subscribe for 1.89% of the issued share capital of Extra Fame at the total subscription price of US\$4,500,000.

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The details of the subscription by the investors pursuant to the Investment Agreement are as follows:

Names of investors	:	Furui Investments	Sinostar
Number of shares in Extra Fame subscribed by the investors	:	241,127 shares	197,286 shares
Total consideration	:	US\$5,500,000	US\$4,500,000
Payment date	:	23 November 2010	23 November 2010
Number of Shares held by the investors upon Listing	:	27,720,000 Shares	22,680,000 Shares
Percentage of shareholding of the investors immediately upon completion of the Global Offering and the Capitalisation Issue ( <i>note 1</i> )	:	1.80%	1.47%
Effective purchase cost per Share	:	US\$0.20 (equivalent to approximately HK\$1.55)	US\$0.20 (equivalent to approximately HK\$1.55)
Discount ( <i>note 2</i> )	:	24.39%	24.39%

Notes:

1. It was based on that 338,600,000 New Shares would be issued under the Global Offering (assuming the Over-allotment Option is not exercised) and 1,190,000,000 Shares would be issued under the Capitalisation Issue.
2. It was based on the maximum Offer Price of HK\$2.05.

There are no special rights attached to the shares of Extra Fame owned by Furui Investments and Sinostar.

The shareholders of each of Furui Investments and Sinostar, namely Mr. Wang Fucui and Mr. Ng Cher Yew, respectively, were the personal friends of Mr. Rui Fubin, our Chairman, chief executive officer and executive Director and had showed interest in investing in us. To the best knowledge and belief of the Directors, Furui Investments and Sinostar invested in us because of their belief on our growth potential and prospects.

The subscription price was determined by the parties by reference to the agreed price-to-earnings ratio and the then expected net profit of Extra Fame and its subsidiaries for the year ended 31 December 2010, and was totally settled by Furui Investments and Sinostar in November 2010. The proceeds from the above investment by Furui Investments and Sinostar have been used by Extra Fame to pay up the increased portions of the registered capital of



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Jiangnan Cable. On 14 January 2011, 241,127 shares of US\$1 each in the capital of Extra Fame (representing an approximately 2.31% of the enlarged issued share capital of Extra Fame) were issued to Furui Investments and 197,286 shares of US\$1 each in the capital of Extra Fame (representing an approximately 1.89% of the enlarged issued share capital of Extra Fame) were issued to Sinostar pursuant to the Investment Agreement and such shares ranked pari passu among other issued shares of Extra Fame.

As part of the Reorganisation, on 25 February 2012, all the shareholders of Extra Fame, namely, Power Heritage, Furui Investments and Sinostar, entered into a share purchase agreement with our Company, pursuant to which the shareholders of Extra Fame transferred the entire issued share capital of Extra Fame to our Company. As the consideration of the acquisition, our Company, on 25 February 2012, issued and allotted 9,579,999, 231,000 and 189,000 new Shares to Power Heritage, Furui Investments and Sinostar, respectively, and credited one nil-paid Share held by Power Heritage as fully paid. As a result, our Company was held as to 95.8% by Power Heritage, 2.31% by Furui Investments and 1.89% by Sinostar as at 25 February 2012.

The Shares held by Furui Investments and Sinostar are not subject to any non-disposal undertaking.

Furui Investments is a company incorporated under the laws of BVI on 11 August 2006, the entire share capital of which is owned by Mr. Wang Fucui, and its principal business activity is investment holding. Furui Investments is the controlling shareholder of Real Nutraceutical Group Limited (瑞年國際有限公司), the shares of which are listed on the Main Board (stock code: 2010); and neither Furui Investments nor Mr. Wang Fucui has been involved in any other pre-IPO investment, save for the investment in our Company. Other than being a Shareholder, Furui Investments has no past or present relationship with us, our Shareholders, our Directors, senior management or any of their respective associates.

Sinostar is a company incorporated under the laws of the Cayman Islands on 6 September 2006, the entire share capital of which is owned by Mr. Ng Cher Yew and its principal business activity is investment holding. As advised by Mr. Ng Cher Yew, Sinostar has not been involved in any pre-IPO investment save for the investment in our Company. However, Mr. Ng Cher Yew has invested in other pre-IPO investments in the companies listed on the Singapore Exchange Securities Trading Limited (“SGX”), including (i) China Food Industries Limited (presently known as Iconic Global Limited), a company incorporated in Singapore by direct investment and delisted on the SGX with effect from 8 October 2008; (ii) Oriental Food (Holdings) Ltd. (presently known as Oriental Group Ltd.), a company incorporated in Singapore by investment via Sieger Capital Limited and Springboard Partners Limited, both of which were companies incorporated in the BVI in which Mr. Ng Cher Yew was a shareholder; and (iii) Comat Industrial Ltd. (presently known as China Haida Ltd.) via Sieger Capital Limited, as per their respective prospectus dated 15 September 2003, 8 November 2004 and 8 November 2004, respectively. Other than being a Shareholder, Sinostar has no past or present relationship with us, our Shareholders, our Directors, senior management or any of their respective associates. Other than being a Shareholder, Mr. Ng Cher Yew has no business relationship with us and other connected persons of our Company.



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Our Directors confirm that the Investment Agreement with Furui Investments and Sinostar was entered into on normal commercial terms.

### THE REORGANISATION

We underwent the Reorganisation to rationalise our structure in preparation for the Listing. As a result, our Company became the holding company of our Group. Below are the major steps of the Reorganisation:

**(a) Incorporation of our Company**

On 4 January 2011, our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability with an authorised capital of HK\$100,000 divided into 10,000,000 Shares. Upon incorporation, one nil-paid Share was issued and allotted to Codan Trust Company (Cayman) Limited and such share was then transferred to Power Heritage on 4 January 2011.

**(b) Incorporation of Jiangnan Cable (HK) and its acquisition of Jiangnan Cable**

On 15 December 2010, Jiangnan Cable (HK) was incorporated under the laws of Hong Kong as a limited liability company with an authorised capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. Upon incorporation, one share was allotted and issued to Extra Fame at par.

On 20 December 2010, Extra Fame and Jiangnan Cable (HK) entered into an equity transfer agreement, pursuant to which Extra Fame transferred the entire equity interest of Jiangnan Cable to Jiangnan Cable (HK) at the consideration of US\$30,000,000. Such consideration was satisfied by Jiangnan Cable (HK) issuing and allotting nine new shares credited as fully paid to Extra Fame.

We have notified the relevant lenders of this change of shareholder of Jiangnan Cable in accordance with the restrictive covenants in certain loan agreements entered into by our Group which require us to inform the lenders change of shareholder of Jiangnan Cable.

**(c) Investment in Extra Fame by Furui Investments and Sinostar**

On 15 September 2005, Extra Fame was incorporated under the laws of the BVI. Upon incorporation, the authorised share capital of Extra Fame was US\$50,000 divided into 50,000 shares of US\$1 each and one subscriber share was issued and allotted to OIL Officers Limited.

On 14 December 2005, the one subscriber share of US\$1 was transferred to Mr. Rui Fubin.

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On 20 March 2006, the authorised capital of Extra Fame was increased from US\$50,000 to US\$10,000,000. On the same date, Mr. Rui Fubin transferred the one share of Extra Fame to Mr. Rui Yiping, and Extra Fame issued 1,699,999 and 8,300,000 new shares to Mr. Rui Yiping and Power Heritage, respectively.

On 14 January 2011, Extra Fame issued 241,127 and 197,286 new shares to Furui Investments and Sinostar, respectively. Details of the allotment was described in the paragraph headed “Pre-IPO investment” in this section.

### **(d) Share transfer of Extra Fame and allotments of shares in Power Heritage**

On 14 January 2011, Mr. Rui Yiping, a director of Power Heritage who owned 50% of the then issued share capital of Power Heritage at that time, transferred 1,700,000 shares of US\$1.00 each in Extra Fame (representing 17% of the issued share capital of Extra Fame) to Power Heritage in consideration for allotment of 16 shares in Power Heritage. As a result, Mr. Rui Yiping holds 17 shares of Power Heritage in total. On the same date, Power Heritage allotted 82 shares to Mr. Rui Fubin, a director of Power Heritage who owned 50% of the then issued share capital of Power Heritage at that time. As a result, Mr. Rui Fubin holds 83 shares of Power Heritage in total. The abovementioned allotments to Mr. Rui Yiping and Mr. Rui Fubin resulted in Mr. Rui Yiping’s interests in Power Heritage decreased from 50% to 17% whilst Mr. Rui Fubin’s interests in Power Heritage increased from 50% to 83%. The abovementioned allotments and share transfer were effected to implement the intended Group structure (i.e. Mr. Rui Fubin will hold 83% interests in Power Heritage and Mr. Rui Yiping will hold 17% interests in Power Heritage, while both of them will hold interests in Extra Fame via Power Heritage and will not hold any direct interest in Extra Fame). The consideration for such allotments and share transfer was determined based on the fact that those were redistribution of assets among family members owning our Company.

### **(e) Increase of authorised share capital of our Company**

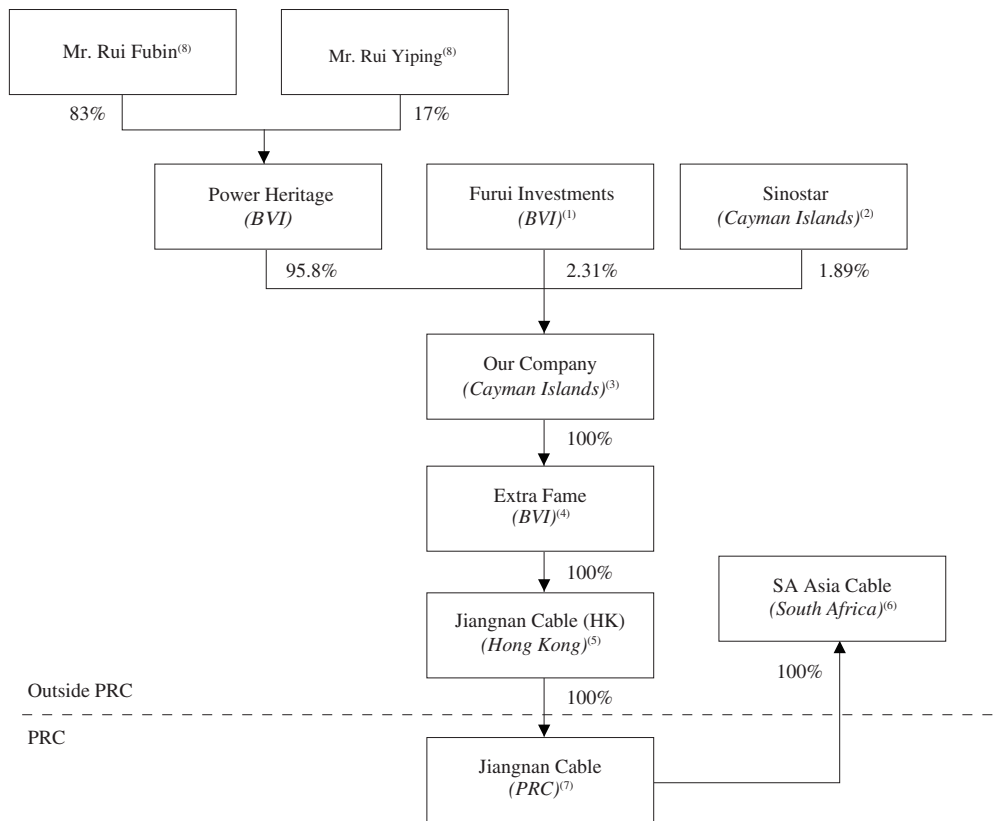
On 25 February 2012, by resolutions in writing of our then sole Shareholder, the authorised share capital of our Company was increased from HK\$100,000 divided into 10,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares.

### **(f) Acquisition of Extra Fame by our Company**

As part of the Reorganisation, on 25 February 2012, all the then shareholders of Extra Fame, namely, Power Heritage, Furui Investments and Sinostar, entered into a share purchase agreement with our Company, pursuant to which the then shareholders of Extra Fame transferred the entire issued share capital of Extra Fame to our Company. As the consideration of the acquisition, our Company, on 25 February 2012, issued and allotted 9,579,999, 231,000 and 189,000 new Shares to Power Heritage, Furui Investments and Sinostar, respectively, and credited the nil-paid Share held by Power Heritage as fully paid. As a result, our Company was held as to 95.8% by Power Heritage, 2.31% by Furui Investments and 1.89% by Sinostar.

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The following chart shows our corporate structure immediately upon completion of the Reorganisation:



*Notes:*

- (1) The entire issued share capital of Furui Investments is owned by Mr. Wang Fucui.
- (2) The entire issued share capital of Sinostar is owned by Mr. Ng Cher Yew.
- (3) The principal business activity of our Company is investment holding.
- (4) The principal business activity of Extra Fame is investment holding.
- (5) The principal business activity of Jiangnan Cable (HK) is investment holding.
- (6) The principal business activity of SA Asia Cable is trading of wires and cables.
- (7) The principal business activities of Jiangnan Cable is manufacturing and trading of wires and cables.
- (8) Mr. Rui Fubin is the father of Mr. Rui Yiping.

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According to the M&A Rules, where a domestic natural person intends to take over his/her related domestic company by an offshore company lawfully established or controlled by him/her, the takeover shall be subject to the examination and approval of MOFCOM; and where a domestic company or natural person holds equity interest in a domestic company through an offshore special purpose company, any transaction involving the overseas listing of that special purpose company shall be subject to approval of the CSRC.

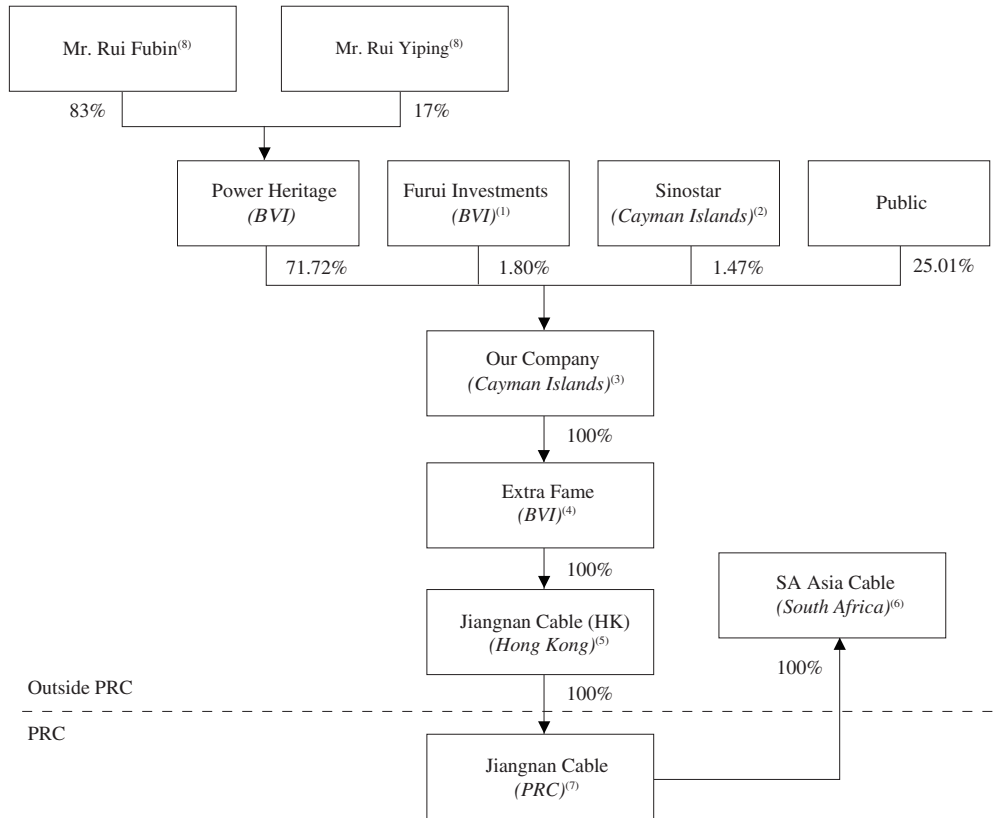
Our PRC Legal Adviser is of the opinion that the Reorganisation and the Global Offering have complied with all relevant PRC laws and regulations and that the M&A Rules is not applicable because prior to the acquisition of Jiangnan Cable by our Company, Jiangnan Cable was already a foreign invested enterprise. We are not required to obtain any approval by the CSRC or the MOFCOM regarding the Reorganisation and the Global Offering. As further advised by our PRC Legal Adviser, three of the ultimate beneficiaries of our Company who are PRC residents as defined under the SAFE Circular No.75, namely Mr. Rui Fubin, Mr. Rui Yiping and Mr. Wang Fucai have completed the necessary foreign exchange registration with the local foreign exchange authority in accordance with the SAFE Circular No.75.

Further details of the Reorganisation are set out in the sub-paragraph headed “Reorganisation” in the paragraph headed “Further information about our Company and the subsidiaries of our Group” in Appendix V to this prospectus.

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## CORPORATE STRUCTURE

The following chart shows our corporate structure upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and the Capitalisation Issue:



*Notes:*

- (1) The entire issued share capital of Furui Investments is owned by Mr. Wang Fucai.
- (2) The entire issued share capital of Sinostar is owned by Mr. Ng Cher Yew.
- (3) The principal business activity of our Company is investment holding.
- (4) The principal business activity of Extra Fame is investment holding.
- (5) The principal business activity of Jiangnan Cable (HK) is investment holding.
- (6) The principal business activity of SA Asia Cable is trading of wires and cables.
- (7) The principal business activities of Jiangnan Cable are manufacture and trading of wires and cables.
- (8) Mr. Rui Fubin is the father of Mr. Rui Yiping.