

**Oriental Technologies Investment Limited  
ABN 13 060 266 248**

**Notice of Annual General Meeting  
to be held on 30 May 2008**

**Explanatory Memorandum  
for the Notice of Annual General Meeting**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES  
YOUR IMMEDIATE ATTENTION.  
IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE  
PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR  
OTHER PROFESSIONAL ADVISER.**

**NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD AT  
LEVEL 14 AUSTRALIA SQUARE, 264 – 278 GEORGE STREET, SYDNEY  
AT 11:00AM SYDNEY TIME ON 30 MAY 2008  
TO BE VALID, FORMS OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING MUST BE  
COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN  
11:00AM SYDNEY TIME ON 28 MAY 2008**

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## Section A - Chairman's Letter

29 April 2008

Dear Shareholder

The Directors of Oriental Technologies Investment Limited (**Company**) have convened the Annual General Meeting of Shareholders to be held on 30 May 2008. At the Annual General Meeting, the audited financial statements and associated reports of the Company for the financial year ended 31 December 2007 will be tabled and Shareholders will be asked to approve Resolutions for the:

- Adoption of the Remuneration Report;
- Re-election of George Su as a Director;
- Restructuring of the Company's interest in the battery manufacturing business (**Business**) owned and operated by its subsidiary, Apollo Battery Co Ltd (**Apollo**);
- Issue of Shares to the Placement Investors to raise further working capital for the Company; and
- Ratification of past issues and allotments of Shares.

### **Restructure and refinancing of the battery manufacturing business**

The Company has been seeking an investment from a cornerstone investor to fund its proposed expansion of the Business. The Company is aiming to make the Business the largest manufacturer of batteries in the People's Republic of China. In particular, it is the Company's intention that the Business take advantage of the anticipated growth in the sale of hybrid and electrical vehicles in the Chinese and international markets. The Company has secured equity funding to fund this proposed expansion of the Business and has agreed to restructure its interest in the Business as follows:

- CITIC Australia Pty Ltd (**CITIC**), a subsidiary of China International Trust and Investment Corporation, has agreed to invest US\$20 million in the Business;
- a new company, (**Newco**), will be incorporated in the People's Republic of China, with each of Apollo and CITIC to hold 50% of its issued capital;
- in consideration of Newco issuing shares to Apollo equivalent to 50% of its issued capital, Apollo will sell the Business to Newco pursuant to the Business Sale Agreement;
- in consideration of Newco issuing shares to CITIC (or its nominee) equivalent to the other 50% of its issued capital, CITIC will pay US\$20 million to Newco pursuant to the Share Subscription Agreement; and
- Newco will conduct the Business for the benefit of Apollo and CITIC pursuant to the Shareholders' Deed.

A more detailed description of the restructure and refinancing of the Business can be found in the Explanatory Memorandum (Section D).

### **Additional Special Business**

In addition to the restructuring of its interest in the Business and the proposed investment by CITIC in Newco, the Company proposes to raise additional funds by the issue of Shares to Placement Investors. The funds raised from these private placements will be used to satisfy the Company's working capital requirements and to enable the Company to provide funding to Apollo.

Apollo will use these funds to provide its pro rata share of funding to Newco to enable Newco to meet the working capital requirements of the Business.

The Company is also seeking the approval by Shareholders of certain past issues of Shares.

**Notice of Annual General Meeting and accompanying documents**

This letter is accompanied by a Notice of Annual General Meeting and the Explanatory Memorandum. The Notice of Annual General Meeting sets out the Resolutions that Shareholders are to consider. The Explanatory Memorandum explains in greater detail the background to the proposed Resolutions.

Shareholders are encouraged to read the enclosed Explanatory Memorandum and to attend the Annual General Meeting and vote on the Resolutions. A proxy form is enclosed at Section E to enable any Shareholder who is unable to attend the Annual General Meeting to vote at that meeting.

The Directors support the Resolutions contained in the Notice of Annual General Meeting. We recommend that you vote in favour of all Resolutions, full details of which are contained in the Notice of Annual General Meeting.

Yours faithfully

Gerard McMahon  
Chairman

## Section B - Glossary

### 1. Definitions

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The following definitions are used in the Chairman's Letter, the Notice of Annual General Meeting and the Explanatory Memorandum:

**Annual General Meeting** means the annual general meeting of the Company to be held on 30 May 2008 pursuant to this Notice of Annual General Meeting;

**Apollo** means Apollo Battery Co Ltd, a company incorporated in the People's Republic of China;

**Associate** has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act;

**ASX** means the ASX Limited ABN 98 008 624 691;

**ASX Listing Rules** means the official listing rules issued and enforced by the ASX as amended from time to time;

**Board** or **Board of Directors** means the board of Directors of the Company;

**Business** means the business of manufacturing automotive and industrial batteries in the People's Republic of China for distribution in the People's Republic of China and internationally, presently conducted by Apollo for the benefit of the Company and its Shareholders;

**Business Day** means a day which is not a Saturday, Sunday or public holiday in Sydney;

**Business Sale Agreement** means the business sale agreement to be entered into between Apollo (in its capacity as vendor of the Business) and Newco (in its capacity as purchaser of the Business) pursuant to which Newco will acquire the Business in consideration for the issue by Newco of shares comprising 50% of the entire issued capital of Newco on Completion;

**Chairman** means chairman of the Company appointed by the Board, who is currently Gerard McMahon;

**CITIC** means CITIC Australia Pty Ltd ABN 21 006 388 772;

**Company** or **OTI** means Oriental Technologies Investment Limited ABN 13 060 266 248;

**Completion** means the simultaneous, interdependent completion of the Business Sale Agreement and the Share Subscription Agreement;

**Constitution** means the constitution of the Company, as amended from time to time;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Directors** means the directors of the Company;

**Directors' Report** means the Company's directors' report for the financial year ended 31 December 2007 prepared in accordance with the Corporations Act;

**Explanatory Memorandum** means the explanatory memorandum set out in Section D of this document;

**Financial Statements** means the Company's audited annual financial statements and associated reports for the financial year ended 31 December 2007 prepared in accordance with the Corporations Act;

**Indeveno** means Indeveno Pty Ltd, a company incorporated in Victoria, Australia;

**Newco** means a company to be incorporated in the People's Republic of China to facilitate the restructure and refinancing of the Business;

**Notice of Annual General Meeting** or **Notice** means the notice of Annual General Meeting set out in Section C of this document;

**Officially Quoted** and **Official Quotation** means, in relation to Shares, officially quoted by the ASX;

**OTI** or the **Company** means Oriental Technologies Investment Limited ABN 13 060 266 248;

**Placement Investors** means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Placement Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act;

**Placement Shares** means up to 12,636,000 Shares to be issued by the Company to the Placement Investors;

**Remuneration Report** means the specific information required to be included in the Directors' Report in accordance with section 300A of the Corporations Act;

**Resolution** means a resolution passed by the requisite majority of members of the Company on a show of hands or by the requisite majority of votes given on a poll;

**Share** means a fully paid ordinary share in the issued capital of the Company;

**Share Subscription Agreement** means the share subscription agreement to be entered into by Newco and CITIC pursuant to which CITIC will subscribe US\$20 million to Newco in consideration of Newco issuing to CITIC (or its nominee) shares comprising 50% of the entire issued capital of Newco on Completion;

**Shareholder** means a holder of a Share;

**Shareholders' Deed** means the shareholders' deed to be entered into by Apollo and CITIC (each to hold 50% of the issued share capital of Newco on Completion) and Newco to facilitate the conduct of the Business by Newco and to regulate the operations and management of Newco; and

**Transaction Documents** means the:

- (a) Shareholders' Deed;
- (b) Business Sale Agreement;
- (c) Share Subscription Agreement; and
- (d) any other document ancillary to, or contemplated by, any of the other Transaction Documents referred to above.

## **2. Interpretation**

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For the purposes of interpreting the Chairman's Letter, the Explanatory Memorandum and the Notice of Annual General Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include both genders;

- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Chairman's Letter, the Explanatory Memorandum and the Notice of Annual General Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment);
- (f) reference to **\$**, **A\$**, **Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (g) reference to **US\$** or **US Dollars** is a reference to the lawful tender for the time being and from time to time of the United States of America.

## Section C - Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Oriental Technologies Investment Limited ABN 13 060 266 248 (**OTI** or the **Company**) will be held at Level 14 Australia Square, 264 – 278 George Street, Sydney on 30 May 2008 at 11:00am (Sydney time).

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting.

### 1. Ordinary business

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#### 1.1 Financial Reports

To receive and consider the financial reports of the Company including the balance sheet and profit and loss account and statements of cash flows of the Company, the consolidated Financial Statements, the directors' declaration and the reports of the Directors and Auditors for the financial year ended 31 December 2007.

#### 1.2 Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following Resolution:

"That the Remuneration Report for the year ended 31 December 2007 included in the Directors' Report, which is attached to the Financial Statements, be adopted by the Company."

**Note:** The Remuneration Report is set out on pages 6 to 10 inclusive of the Company's 2007 annual report. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this Resolution are advisory only and do not bind the Company.

#### 1.3 Resolution 2: Re-election of George Su

To consider and, if thought fit, with or without amendment, to pass the following Resolution:

"That George Su, having retired from his office as a Director in accordance with Article 28.3 of the Constitution and, being eligible, having offered himself for re-election, be re-elected as a Director."

### 2. Special business

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#### 2.1 Resolution 3: Significant change to the nature and scale of activities

To consider and, if thought fit, with or without amendment, to pass the following Resolution:

"That in accordance with ASX Listing Rule 11.1.2, the Company be permitted to make a significant change to the nature and scale of its activities by restructuring its interest in the Business in accordance with the Transaction Documents, including the sale of the Business by its subsidiary Apollo Battery Co Ltd to Newco pursuant to the Business Sale Agreement, as described in paragraph 5 of the Explanatory Memorandum (Section D)."

## 2.2 **Resolution 4: Issue of Shares to the Placement Investors**

To consider and, if thought fit, with or without amendment, to pass the following Resolution:

"That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be permitted and authorised to issue and allot up to 12,636,000 Shares to the Placement Investors at an issue price determined in accordance with the formula set out in paragraph 6(c) of the Explanatory Memorandum (Section D)."

## 2.3 **Resolution 5: Past issues of Shares**

To consider and, if thought fit, with or without amendment, to pass the following Resolution:

"That, in accordance with ASX Listing Rule 7.4, Shareholders ratify the past issue and allotment of a total of 9,477,082 Shares to the allottees, and on the terms, set out in paragraph 7 of the Explanatory Memorandum (Section D)."

## 3. **Voting exclusion statements**

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### 3.1 **Resolution 3**

In accordance with the notice requirements of ASX Listing Rule 11.1.2 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 3 by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if the resolution is passed, and any of their respective Associates.

However, the entity will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 3.2 **Resolution 4**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 4 by:

- (a) each Placement Investor;
- (b) any Associate of that person; and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed, and an Associate of any such person.

However, the entity will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 3.3 Resolution 5

In accordance with the notice requirements of ASX Listing Rule 7.5.6 for approval under ASX Listing Rule 7.4, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 5 by:

- (a) a person who participated in the issue of Shares referred to in Resolution 5;
- (b) any Associate of that person(s); and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and an Associate of any such person.

However, the Company will not disregard a vote if it is cast by:

- (d) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 4. Determination of membership and voting entitlement

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For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 5:00pm Sydney time on 28 May 2008, being the second Business Day prior to the date of the Annual General Meeting.

## 5. Votes of members

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On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each Share held by him, her or it provided that all Shares are fully paid.

## 6. Proxies

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Please note that:

- (a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Annual General Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights if a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights each proxy may exercise, each proxy may exercise one-half of the voting rights;
- (d) a proxy need not be a member of the Company;

- (e) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (f) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (g) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (h) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (i) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 11:00am on 28 May 2008:

**by the Company:**

- in person: Oriental Technologies Investment Limited  
Level 12, 32 Martin Place  
Sydney NSW 2000  
Australia

or - by facsimile: +61 2 9231 3911

or - by mail: Oriental Technologies Investment Limited  
Level 12, 32 Martin Place  
Sydney NSW 2000  
Australia

**by the Company's share registry:**

in person or by mail: Computershare Investor Services  
Level 2, 60 Carrington Street  
Sydney NSW 2000  
Australia

or by facsimile: +61 3 9473 2500

**By order of the Board:**

Company Secretary

Dated: 29 April 2008  
Sydney

## Section D - Explanatory Memorandum

### 1. Introduction

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This Explanatory Memorandum contains the information needed for OTI's Shareholders to assess the Resolutions to be put to them at the Annual General Meeting of OTI on 30 May 2008. A Notice of Annual General Meeting accompanies this document.

This Explanatory Memorandum, as well as the Notice of Annual General Meeting, should be read carefully and in their entirety.

### 2. Accounts and reports

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The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 31 December 2007 will be laid before the meeting. There is no requirement for Shareholders to approve those reports.

### 3. Resolution 1 – Adoption of Remuneration Report

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Resolution 1 is proposed for the adoption of the Remuneration Report contained in the Directors' Report referred to in the first item of the agenda set out in the Notice. The Remuneration Report of the Company for the financial year ended 31 December 2007 is set out in the Directors' Report on pages 6 to 10 inclusive of the Financial Statements contained in the 2007 annual report.

### 4. Resolution 2 – Re-election of George Su

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Resolution 2 relates to the re-election of George Su as a Director of the Company. Under Article 28.3 of the Constitution, one-third of the Company's non-executive Directors must resign and, if eligible, may be re-elected.

George Su has vacated his office as Director in accordance with Article 28.3 and, being eligible, offers himself for re-election. The Board recommends that members vote in favour of this Resolution.

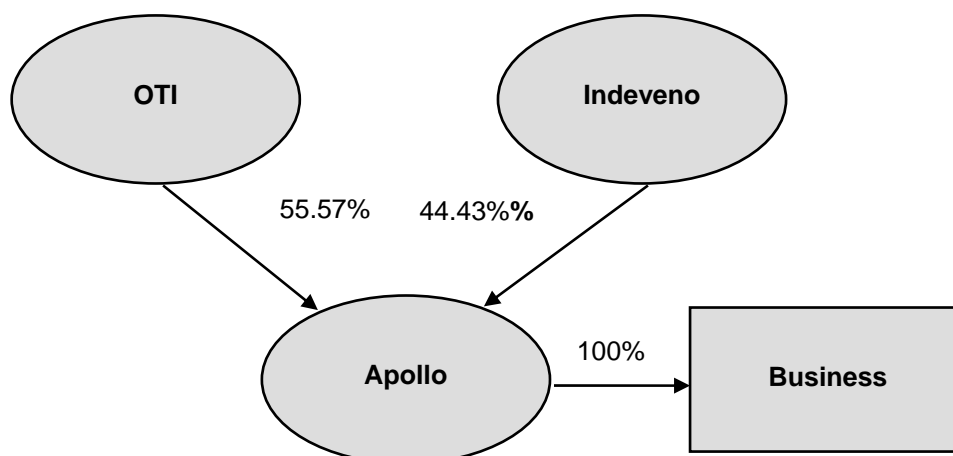
### 5. Resolution 3 – Significant change to nature and scale of activities

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#### 5.1 Background

The Company is seeking the approval of Shareholders for the significant change in the nature and scale of its activities that will occur on the restructure of the Company's interest in the Business.

The Business is presently owned and operated by the Company's subsidiary, Apollo Battery Co Ltd (**Apollo**). The Company currently holds 55.57% of the issued capital of Apollo. The ownership structure of the Business is currently as set out in Diagram 1.

**Diagram 1: Present structure of the Business**

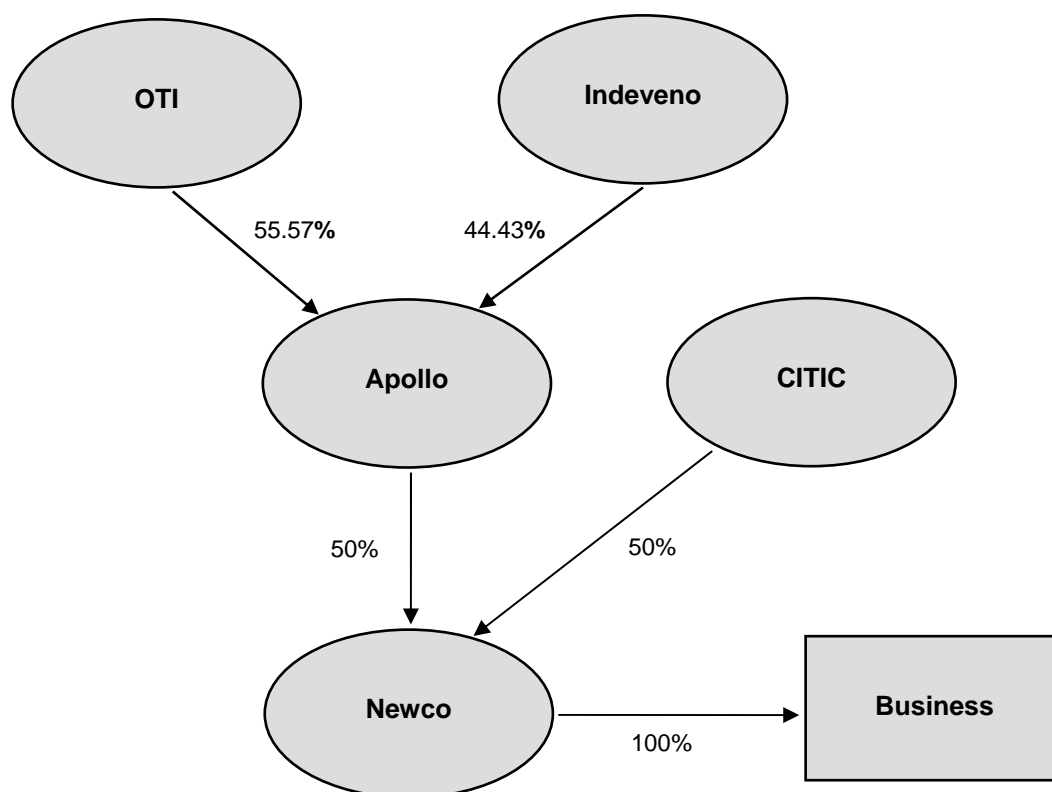
## 5.2 Proposed transaction

The Company has been seeking an investment from a cornerstone investor to fund the Company's proposed expansion of the Business. The Company is seeking for the Business to take advantage of the anticipated growth in the sales of hybrid and electric vehicles in the Chinese and international markets. The funding to be provided by CITIC will enable a significant increase in the scale of operations of the Business.

In addition to obtaining the funding commitment from CITIC, being the undertaking to invest US\$20 million in Newco by way of a subscription for shares, the Company has agreed to restructure its interest in the Business as follows:

- (a) CITIC, a subsidiary of China International Trust and Investment Corporation, has agreed to invest US\$20 million in the Business;
- (b) Newco will be incorporated in the People's Republic of China, with each of Apollo and CITIC to hold 50% of its issued capital;
- (c) in consideration of Newco issuing shares to Apollo equivalent to 50% of its issued capital, Apollo will sell the Business to Newco pursuant to the Business Sale Agreement;
- (d) in consideration of Newco issuing shares to CITIC (or its nominee) equivalent to the other 50% of its issued capital, CITIC will pay US\$20 million to Newco pursuant to the Share Subscription Agreement; and
- (e) Newco will conduct the Business for the benefit of Apollo and CITIC pursuant to the Shareholders' Deed.

Subject to Shareholder approval, the Business will be restructured as set out in Diagram 2.

**Diagram 2: Proposed structure of the Business**

Upon completion of the sale of the Business of Apollo by Newco, the Company will hold its indirect interest in the Business via its 55.57% shareholding in Apollo. In consideration for the sale of the Business, Newco will issue shares to Apollo constituting 50% of its issued capital at Completion. The other 50% of Newco's issued share capital at Completion will be held by CITIC.

Entity	Nature of interest	Percentage interest in issued capital of Newco
OTI	Indirect	27.79%
Indeveno	Indirect	22.21%
Apollo	Direct	50%
CITIC	Direct	50%

### 5.3 Business Sale Agreement

The principal terms of the Business Sale Agreement are:

- (a) Apollo will sell and Newco will buy the Business;
- (b) the Business includes all of the assets and undertakings (including land and buildings, fixtures and fittings, plant and equipment, inventory, raw materials, contracts, goodwill, intellectual property and other financial and intangible assets) but excludes an agreed fixed amount of working capital to facilitate a payment by Apollo of part of its retained earnings to its shareholders (**Retained Earnings**);

- (c) Completion of the Business Sale Agreement is subject to and conditional upon:
- (A) the concurrent interdependent completion of the Share Subscription Agreement;
  - (B) the Company obtaining the necessary approvals of its Shareholders to the sale of the Business in accordance with the Business Sale Agreement as required under the Corporations Act and the ASX Listing Rules;
  - (C) Newco obtaining all necessary regulatory approvals and consents for the acquisition and operation of the Business in the People's Republic of China and the investment of US\$20 million by CITIC in Newco; and
  - (D) the entry into and execution of the Shareholders' Deed;
- (d) in consideration for the transfer of the Business to Newco, Newco will issue shares to Apollo equivalent to 50% of the issued capital of Newco at Completion;
- (e) the Retained Earnings to be retained by the Company will be determined by agreement between the Company, Apollo and CITIC prior to Completion;
- (f) Apollo will provide Newco with the usual and customary representations, warranties and indemnities for a transaction of this nature; and
- (g) the employment of all employees, including the management team, will be transferred to Newco on the same terms and conditions as currently apply to their employment with Apollo.

#### 5.4 Share Subscription Agreement

The principal terms of the Share Subscription Agreement are:

- (a) in consideration of Newco issuing shares to CITIC (or its nominee) equivalent to 50% of its issued capital at Completion, CITIC will pay US\$20 million (**Subscription Consideration**) to Newco;
- (b) Completion of the Share Subscription Agreement is subject to and conditional upon:
  - (A) the concurrent interdependent completion of the Business Sale Agreement;
  - (B) the Company obtaining the necessary approvals of its Shareholders to the sale of the Business in accordance with the Business Sale Agreement as required under the Corporations Act and the ASX Listing Rules;
  - (C) Newco obtaining all necessary regulatory approvals and consents for the acquisition and operation of the Business in the People's Republic of China and the investment of the Subscription Consideration by CITIC in Newco;
  - (D) the entry into and execution of the Shareholders' Deed; and
  - (E) none of the warranties given by CITIC having become materially false, misleading or incorrect or, if it has and the relevant matter is able to be remedied, CITIC has not failed to remedy the matter to the reasonable satisfaction of Newco within seven days, or any shorter period ending at Completion; and
- (c) the Subscription Consideration will be applied by Newco as follows:

- (A) to expand the existing manufacturing facilities of Newco in Yangzhou in the People's Republic of China, including the development of a research and development facility in respect of a new generation of automotive and industrial batteries; and
- (B) the balance of the Subscription Consideration must be used to fund the working capital requirements of Newco.

## 5.5 Shareholders' Deed

The principal terms of the Shareholders' Deed are:

- (a) the Shareholders' Deed will facilitate the conduct of the Business and regulate the operations and management of Newco;
- (b) Completion of the Shareholders' Deed is subject to and conditional upon:
  - (A) the concurrent interdependent completion of the Business Sale Agreement; and
  - (B) the Company obtaining the necessary approvals of its Shareholders to the sale of the Business in accordance with the Business Sale Agreement as may be required under the Corporations Act and the ASX Listing Rules; and
  - (C) Newco obtaining all necessary regulatory approvals and consents for the acquisition and operation of the Business in the People's Republic of China and the investment of the Subscription Consideration by CITIC in Newco;
- (c) the Subscription Consideration to be applied by Newco as set out in paragraph 5.4(c) above;
- (d) CITIC is entitled to appoint two directors and Apollo is entitled to appoint three directors to the board of Newco. In the event that Apollo's shareholding decreases to less than 50% and CITIC's shareholding increases to greater than 50% of the issued capital of Newco at any time during the term of the Shareholders' Deed, Apollo will be entitled to appoint two directors and CITIC will be entitled to appoint three directors to the board of Newco;
- (e) Wang Xinsheng is to be appointed as the initial managing director of Newco. (The parties have agreed that Wang Xinsheng, the existing managing director of the Company and in effect, the managing director of the Business, will continue to act in that capacity and will be appointed as managing director of Newco to ensure the continuity of the conduct and management of the Business;
- (f) CITIC will be entitled to appoint the chief financial officer of Newco and will provide financial management services to Newco;
- (g) the parties have agreed on a list of matters that require unanimous approval of the board of Newco including financial and management matters and matters with respect to mergers and acquisitions, changes to the Business and the constitution of Newco; and
- (h) the parties have agreed on the usual provisions in respect of the conduct of the Business, the appointment of a chairperson, meetings of directors and shareholders, sale or disposal of shares and pre-emptive rights, non-competition and confidentiality provisions.

## 5.6 Pro forma balance sheet

A pro forma consolidated balance sheet of the Company as at 29 April 2008, which assumes the completion of the restructure of the Business, is detailed below:

	Audited as at 31 December 2007	Pro forma Adjustment	Adjusted Pro- forma Balance Sheet
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2,177	21,197	<b>23,374</b>
Trade and other receivables	11,092	-	<b>11,092</b>
Inventories	10,781	-	<b>10,781</b>
<b>Total current assets</b>	<b>24,050</b>	<b>21,197</b>	<b>45,247</b>
<b>Non-current assets</b>			
Property, plant and equipment	16,207	-	<b>16,207</b>
<b>Total non-current assets</b>	<b>16,207</b>	<b>-</b>	<b>16,207</b>
<b>Total assets</b>	<b>40,257</b>	<b>21,197</b>	<b>61,454</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7,163	-	<b>7,163</b>
Short-term borrowings	14,347	-	<b>14,347</b>
Short term provisions	125	-	<b>125</b>
<b>Total current liabilities</b>	<b>21,635</b>	<b>-</b>	<b>21,635</b>
<b>Non current liabilities</b>			
Trade and other payables	132	-	<b>132</b>
<b>Total non current liabilities</b>	<b>132</b>	<b>-</b>	<b>132</b>
<b>Total liabilities</b>	<b>21,767</b>	<b>-</b>	<b>21,767</b>
<b>Net assets</b>	<b>18,490</b>	<b>21,197</b>	<b>39,687</b>
<b>EQUITY</b>			
Issued capital	27,892	-	<b>27,892</b>
Reserves	237	-	<b>237</b>
Accumulated Losses	(17,815)	-	<b>(17,815)</b>
Parent entity interest	10,314	-	<b>10,314</b>
Minority equity interest	8,176	21,197	<b>29,373</b>
<b>Total equity</b>	<b>18,490</b>	<b>21,197</b>	<b>39,687</b>

## 5.7 Directors' recommendation

The Company is of the view that this transaction will enable substantial funding for the proposed expansion of the Business. The Company will still maintain a substantial stake in the Business which it hopes will become the largest manufacturer of batteries in the People's Republic of China. On this basis, the Directors recommend that Shareholders vote in favour of Resolution 3.

## **6. Resolution 4 – Issue or granting of Shares to the Placement Investors**

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Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** Maximum number of securities to be issued and allotted pursuant to Resolution 4

Up to 12,636,000 Placement Shares will be issued and allotted or granted to Placement Investors for the purposes of raising additional working capital for the Company. The 12,636,000 Placement Shares represent 10% of the current issued capital of the Company.

No Placement Shares will be issued and allotted to a Placement Investor if, as a result of that issue, the Placement Investor or other person acquires an interest in Shares in breach of section 606 of the Corporations Act.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Placement Shares to the Placement Investors will occur on a date or dates which is or are no later than three months after the date of this Annual General Meeting or such later time as deemed appropriate by an ASX waiver.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

The issue price of the Placement Shares to be issued and allotted to the Placement Investors will be determined at the time of each application for Placement Shares by a Placement Investor. The issue price will be calculated using a discount of 20% to the volume weighted average price of Shares in the five trading days prior to the date on which the application for Placement Shares is made.

- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are the Placement Investors. The Placement Investors must be persons who are not related parties of the Company.

- (e) **ASX Listing Rule 7.3.5:** *Terms of securities*

The Company will apply to the ASX to have the Placement Shares issued to the Placement Investors Officially Quoted and these Placement Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the Placement Shares issued to the Placement Investors will be identical to the rights and entitlements of the holders of existing issued Shares.

- (f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

The funds raised by the issue and allotment of up to 12,636,000 Placement Shares to the Placement Investors will be used to provide additional working capital to the Company, including to enable the Company to provide funding to Apollo to enable Apollo to provide its pro rata share of funding to Newco in accordance with the Shareholders' Deed, should the need for such funding of Newco arise.

- (g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.2 of the Notice of Annual General Meeting (Section C).

## **7. Resolution 5 – Past issues of Shares**

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Pursuant to ASX Listing Rule 7.5, the following information is provided regarding ASX Listing Rule 7.4 approval:

ASX Listing Rule 7.1 provides that a company must not issue equity securities, or agree to issue equity securities (which includes shares and options) without the approval of shareholders if the number of equity securities to be issued in any 12-month period (including equity securities issued on the exercise of any convertible securities) exceeds 15% of the issued capital of the company preceding the issue. ASX Listing Rule 7.4 allows for subsequent shareholder approval if the company did not breach ASX Listing Rule 7.1 at the time of issue and the holders of ordinary shares subsequently approve it.

On 1 February 2008, the Company issued and allotted a total of 9,477,082 Shares in aggregate to China Venturetechno International Co Limited (**CVI**) and Red Lion Resources Limited (**RLR**). The Company did not receive any funds for the issue of these Shares.

The Company issued and allotted these Shares to CVI and RLR pursuant to a subscription agreement dated 31 January 2008 in consideration for the cancellation by CVI and RLR of redeemable floating notes issued by the Company. The Company had issued these notes under a debt restructure arrangement to each of CVI and RLR to the value of \$10,957,614 and \$9,877,227 respectively, in accordance with Shareholder approval obtained by the Company on 26 July 2000.

As at 1 February 2008, the 9,477,082 Shares in aggregate issued and allotted to CVI and RLR represented 7.5% of the then issued capital of the Company.

Accordingly, the Company is seeking approval of the issue and allotment of these 9,477,082 Shares in the manner provided by ASX Listing Rule 7.4. Details of these issues and allotments are set out in the schedule that is included in this paragraph 8 of this Explanatory Memorandum (Schedule of Past Issues of Shares). None of these allottees were related to the Company.

The Company was not required to provide any of the allottees with a disclosure document.

The Shares issued and allotted to CVI and RLR rank equally with all the other Shares on issue.

Although Shareholder approval was not required for the issue and allotment of the Shares referred to in the Schedule of Past Issues of Shares, the Company now seeks Shareholder approval of these issues in the manner provided by ASX Listing Rule 7.4, because this will enable the Company to 'refresh' the effect of Listing Rule 7.1 on any further issues of securities in the next 12 months and capitalise on future expansion and acquisition opportunities without needing to obtain prior Shareholder approval.

A voting exclusion statement is included in paragraph 3.3 of the Notice of Annual General Meeting (Section C).

**8. Resolution 5 – Schedule of past issues of Shares**

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No.	Date of Issue	Number of Shares	Issue Price Per Share \$	Total Amount Paid \$	Name of Allottee	Purpose of Issue
1	01/02/08	4,978,627	Nil	Nil	China Venturetechno International Co Limited	To cancel redeemable floating note
2	01/02/08	4,498,455	Nil	Nil	Red Lion Resources Limited	To cancel redeemable floating note

## Section E - Proxy Form

### Proxy Form

#### Oriental Technologies Investment Limited ABN 13 060 266 248 (the Company)

I/We (name of member)

of

Shareholder Reference Number/Holder Identification Number

being a member/members of Oriental Technologies Investment Limited ABN 13 060 266 248 appoint:

(Name of the proxy, or name of the office held by the proxy) (Address of the proxy)

or failing him or her, the Chairman of the meeting as my proxy vote on my behalf at the Annual General Meeting of the Company to be held on 30 May 2008 and any adjournment of that meeting.

If two proxies are being appointed, the proportion of the voting rights that this proxy is authorised to exercise is                   %. (The Company will supply an additional form on request.)

#### Proxy Instructions:

The Chairman will vote in favour of each Resolution in which he receives undirected proxies.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as proxy in respect of a Resolution, please place a mark in the box.



By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution(s) and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolution, and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

If you wish to instruct your proxy how to vote, insert X in the appropriate column against each item of business set out below. Otherwise your proxy may vote as he/she thinks fit or abstain from voting.

I/We instruct my/our proxy vote as follows:

	For	Against	Abstain
<b>Resolution 1</b>			
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>			
2. Re-election of George Su	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>			
4. Change in nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>			
5. Issue and allotment of Shares to the Placement Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>			
6. Past issues and allotments of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Where this Proxy Form is signed under power of attorney, the Attorney(s) declare(s) that he/she/they has/have not received any notice of the revocation of such power.

Dated:

Signed\*\*\*\*

Name (printed):  
Capacity \*\*\*\*  
\*\*\*\*

Name (printed):  
Capacity \*\*\*\*

- If joint holders, each must sign.
- Companies must execute:
  - under seal; or
  - by two Directors signing this Proxy Form; or
  - by a Director and a company secretary signing this Proxy Form; or
  - (where it is a proprietary company where the sole director is also the sole company secretary) by that director signing this Proxy Form; or
  - by authorised officer; or
  - by attorney.

Please forward your proxy to the Company  
c/- Level 12, 32 Martin Place, Sydney NSW 2000  
or by fax on +61 2 9231 3911