

DATED THE 16th DAY OF February 2012

BETWEEN

SICHUAN CHANGHONG ELECTRIC CO., LIMITED

AND

CHANGHONG (HONG KONG) TRADING LIMITED

AND

CHANGHONG (HONG KONG) ENTERPRISES LIMITED

AND

SUFFICIENT VALUE GROUP LIMITED

AND

FIT GENERATION HOLDINGS LIMITED

RESTRUCTURING AGREEMENT

THIS AGREEMENT is made on the 16th day of February 2012.

BETWEEN

- (1) **CHANGHONG (HONG KONG) ENTERPRISES LIMITED**, a company incorporated in Hong Kong and having its registered address at Unit 3701, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong ("Changhong HK Enterprises");
- (2) **CHANGHONG (HONG KONG) TRADING LIMITED**, a company incorporated in Hong Kong and having its registered address at Unit 3701, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong ("Changhong HK Trading");
- (3) **FIT GENERATION HOLDINGS LIMITED**, a limited liability company incorporated in the British Virgin Islands, whose registered office is at Palm Grove House, P. O. Box 438, Road Town, Tortola, British Virgin Islands ("Fit Generation");
- (4) **SICHUAN CHANGHONG ELECTRIC CO., LIMITED**, a company established under the laws of the PRC with limited liability and the issued A-shares of which are listed on the Shanghai Stock Exchange (stock code: 600839.SH) and whose principal place of business is at 35 East Mianxing Road, Hi-Tech Park, Mianyang, Sichuan, China.621000 ("Sichuan Changhong"); and
- (5) **SUFFICIENT VALUE GROUP LIMITED**, a company incorporated in British Virgin Islands and having its registered address at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands ("Sufficient Value");

(together, the "Parties" and each a "Party").

WHEREAS:

- (A) In contemplation of a restructuring exercise in relation to the transfer of a 90% interest in the equity capital of Changhong Information Technology Products Co., Limited ("**Changhong IT**") (the "**Changhong IT 90% Stake**") (the "**Restructuring**"), Sichuan Changhong agreed to transfer the Changhong IT 90% Stake which is valued at RMB151,900,000.00 (equivalent to approximately HK\$190,000,000.00, based on a fixed exchange rate of HK\$1:RMB0.799473684 as agreed between the parties) (the "**Purchase Consideration**") to Changhong HK Trading (or as it may direct). The Purchase Consideration is based on the net investment value of Sichuan Changhong to the Changhong IT 90% Stake as at 31 December 2011.

The remaining 10% interest in the equity capital of Changhong IT is held by Mr. Zhu Jianqiu, the managing director of Changhong IT, on behalf of key members of Changhong IT's management team.

- (B) In consideration of Sichuan Changhong agreeing to transfer the Changhong IT 90% Stake to Changhong HK Trading (or as it may direct), it was agreed that Changhong HK Trading shall allot and issue 190,000,000 new ordinary shares ("**Changhong HK Trading New Shares**") at a nominal value of HK\$1.00 for each Changhong HK Trading New Share to Sichuan Changhong credited as fully paid-up to satisfy the Purchase Consideration.
- (C) Sichuan Changhong has agreed to subscribe on and subject to the terms of this Agreement for the Changhong HK Trading New Shares in satisfaction of the Purchase Consideration.
- (D) At the direction of Changhong HK Trading, Sichuan Changhong agreed to transfer the Changhong IT 90% Stake to Changhong HK Enterprises, which transfer was effective on 9 January 2012.

- (E) The Parties wish to effect a series of Subscriptions (as defined herein) in connection with the Restructuring on the terms and subject to the conditions set out in this Agreement.
- (F) The share capital structure of each of the Parties (other than Sichuan Changhong) prior to and as a result of the completion of the Subscriptions is set out in Appendix A of this Agreement.

IT IS AGREED as follows:-

1. INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires:

"Agreement" means this agreement in respect of the Restructuring;

"Changhong HK Trading New Shares" has the meaning ascribed to it in Recital B above;

"Changhong HK Enterprises New Share" has the meaning ascribed to it in Clause 3.1;

"Completion of the Subscriptions" means the completion of the Subscriptions under this Agreement;

"Completion Date" means the date of this Agreement or such other date as the Parties may otherwise agree in writing;

"Encumbrance" means any mortgage, assignment of receivables, debenture, lien, charge, pledge, adverse claim, rent-charge, title retention document, claim, option, right to acquire, security arrangement, security interest, option, pre-emptive or other similar right, right of first refusal and any other encumbrance or condition whatsoever;

"Fit Generation New Share" has the meaning ascribed to it in Clause 5.1;

"HK\$" means Hong Kong dollar, the lawful currency for the time being of Hong Kong;

"HK" means the Hong Kong Special Administrative Region of the PRC;

"PRC" means the People's Republic of China;

"RMB" means the Renminbi, the lawful currency of the PRC;

"Restructuring" has the meaning ascribed to it in Recital A above;

"Subscriptions" means the Subscription of the Changhong HK Trading New Shares, the Subscription of the Changhong HK Enterprises New Share, the Subscription of the Sufficient Value New Share and the Subscription of the Fit Generation New Share, each a "Subscription";

"Subscription of the Changhong HK Trading New Shares" has the meaning ascribed to it in Clause 2.1;

"Subscription of the Changhong HK Enterprises New Share" has the meaning ascribed to it in Clause 3.1;

"Subscription of the Fit Generation New Share" has the meaning ascribed to it in Clause 5.1;

"Subscription of the Sufficient Value New Share" has the meaning ascribed to it in Clause 4.1;

"Sufficient Value New Share" has the meaning ascribed to it in Clause 4.1; and

"US\$" means US dollar, the lawful currency for the time being of United States of American; The exchange rate of US\$1.00:HK\$7.80 has been used in this Agreement.

1.2 References to Recitals and Clauses are to recitals and clauses of this Agreement.

1.3 The headings in this Agreement are for convenience only and shall not affect the construction of any provision in this Agreement.

2. SUBSCRIPTION OF THE CHANGHONG HK TRADING NEW SHARES

2.1 Subject to the terms and conditions of this Agreement, Changhong HK Trading shall allot and issue the Changhong HK Trading New Shares to Sichuan Changhong, and Sichuan Changhong shall accept the issue and allotment of the Changhong HK Trading New Shares (the "Subscription of the Changhong HK Trading New Shares") in satisfaction of the Purchase Consideration.

2.2 The Changhong HK Trading New Shares shall be issued free from all Encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing ordinary shares in the share capital of Changhong HK Trading.

2.3 Sichuan Changhong agrees, acknowledges and confirms that the issue and allotment of the Changhong HK Trading Shares to Sichuan Changhong on and subject to the terms of this Agreement shall constitute a full, complete and irrevocable discharge of Changhong HK Trading's obligation to pay the Purchase Consideration.

3. SUBSCRIPTION OF THE CHANGHONG HK ENTERPRISE NEW SHARE

3.1 Subject to the terms and conditions of this Agreement, in consideration of Changhong HK Trading directing Sichuan Changhong to transfer the Changhong IT 90% Stake to Changhong HK Enterprises, Changhong HK Enterprises agreed to allot and issue to Changhong HK Trading (or as it may direct) upon the terms and subject to the conditions contained in this Agreement, 1 new ordinary share of a nominal value of HK\$1.00 at an issue price of HK\$190,000,000.00 credited as fully paid-up ("Changhong HK Enterprises New Share") (the "Subscription of the Changhong HK Enterprise New Share").

3.2 At the irrevocable direction of Changhong HK Trading, Changhong HK Enterprises shall allot and issue the Changhong HK Enterprise New Share to Sufficient Value and Sufficient Value shall accept the issue and allotment of the Changhong HK Enterprise New Share.

3.3 The Changhong HK Enterprises New Share shall be issued free from all Encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing ordinary shares in the share capital of Changhong HK Enterprises.

4. SUBSCRIPTION OF THE SUFFICIENT VALUE NEW SHARE

4.1 Subject to the terms and conditions of this Agreement, in consideration of Changhong HK Trading directing Changhong HK Enterprises to allot and issue the Changhong HK Enterprises New Share to Sufficient Value, Sufficient Value shall allot and issue to Changhong HK Trading (or as it may direct) upon the terms and subject to the conditions contained in this Agreement, 1 new ordinary share of nominal value of US\$1.00 at an issue

price of HK\$190,000,000.00 credited as fully paid-up ("Sufficient Value New Share") (the "Subscription of the Sufficient Value New Share").

4.2 At the irrevocable direction of Changhong HK Trading, Sufficient Value shall allot and issue the Sufficient Value New Share to Fit Generation and Fit Generation shall accept the issue and allotment of the Sufficient Value New Share.

4.3 The Sufficient Value New Share shall be issued free from all Encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing ordinary shares in the share capital of Sufficient Value.

5. SUBSCRIPTION OF THE FIT GENERATION NEW SHARE

5.1 Subject to the terms and conditions of this Agreement, in consideration of Changhong HK Trading directing Sufficient Value to issue the Sufficient Value New Share to Fit Generation, Fit Generation shall allot and issue to Changhong HK Trading upon the terms and subject to the conditions contained in this Agreement, 1 new ordinary share of nominal value of US\$1.00 at an issue price of HK\$190,000,000.00 credited as fully paid-up ("Fit Generation New Share") (the "Subscription of the Fit Generation New Share").

5.2 The Fit Generation New Share shall be issued free from all Encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing ordinary shares in the share capital of Fit Generation.

6. WARRANTIES AND UNDERTAKINGS

6.1 Each Party represents and warrants to and undertakes to the other Parties that:

- (i) that it has the requisite power and authority to enter into and perform this Agreement;
- (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents and authorizations) for its entry into and performance of this Agreement have been taken, fulfilled and done;
- (iii) the execution, delivery and performance of this Agreement by it will not conflict with any law, order, judgement, decree, rule or regulation of any court, tribunal or governmental agency of any applicable jurisdiction or any agreement or instrument to which it is a party or by which it is bound;
- (iv) it is a corporation duly organized, validly existing and in good standing under the laws of its place of incorporation and has full power and authority to enter into this Agreement and to observe and perform its obligations hereunder and has taken all necessary corporate or other action to authorize the execution, delivery and performance of this Agreement;
- (v) upon execution of this Agreement, its obligations hereunder shall be legally valid, binding and enforceable on and against it in accordance with the terms hereof; and
- (vi) the allotment and issue of the relevant shares under each Subscription is not prohibited by any statute, order, rule, regulation or directive promulgated or issued or by any legislative, executive or regulatory body or authority.

7. COMPLETION OF THE SUBSCRIPTIONS

7.1 Subject to the terms and conditions of this Agreement, Completion of the Subscriptions shall simultaneously take place at the registered office of Changhong HK Trading (or at such other place as the Parties may agree in writing) on the Completion Date.

7.2 On the Completion Date, in respect of the Subscription of the Changhong HK Trading New Shares:

- (i) Changhong HK Trading shall:
 - (a) deliver to Sichuan Changhong board resolutions and shareholders' resolutions (if required) approving, among others, an increase in the authorised share capital of Changhong HK Trading and the issue and allotment of the Changhong HK Trading New Shares to Sichuan Changhong;
 - (b) allot and issue the Changhong HK Trading New Shares to Sichuan Changhong by delivering the new share certificates for the Changhong HK Trading New Shares to Sichuan Changhong;
 - (c) cause such filings and/or notifications to be duly filled with the relevant authorities in respect of the issue and allotment of the Changhong HK Trading New Shares, and
- (ii) Sichuan Changhong shall deliver to Changhong HK Trading board resolutions and shareholders' resolutions (if required) of Sichuan Changhong approving, *inter alia*, the entry by Sichuan Changhong into this Agreement and the subscription by Sichuan Changhong of the Changhong HK Trading New Shares for the Revised Purchase Consideration which shall be deemed satisfied and repaid in full, in accordance with the terms of this Agreement.

7.3 On the Completion Date, in respect of the Subscription of the Changhong HK Enterprises New Share:

- (i) Changhong HK Enterprise shall:
 - (a) deliver to Sufficient Value board resolutions and shareholders' resolutions (if required) approving, among others, an increase in the authorised share capital of Changhong HK Enterprises and the issue and allotment of the Changhong HK Enterprises New Share to Sufficient Value;
 - (b) allot and issue the Changhong HK Enterprises New Share to Sufficient Value by delivering the new share certificates for the Changhong HK Enterprises New Share to Sufficient Value; and
 - (c) cause such filings and/or notifications to be duly filled with the relevant authorities in respect of the issue and allotment of the Changhong HK Enterprises New Share, and
- (ii) Sufficient Value shall deliver to Changhong HK Enterprises board resolutions and shareholders' resolutions (if required) of Sufficient Value approving, *inter alia*, the entry by Sufficient Value into this Agreement and the subscription by Sufficient Value of the Changhong HK Enterprises New Share, in accordance with the terms of this Agreement.

7.4 On the Completion Date, in respect of the Subscription of the Sufficient Value New Share:

- (i) Sufficient Value shall:
 - (a) deliver to Fit Generation board resolutions and shareholders' resolutions (if required) approving the issue and allotment of the Sufficient Value New Share to Fit Generation;

- (b) allot and issue the Sufficient Value New Share to Fit Generation by delivering the new share certificates for the Sufficient Value New Share to Fit Generation; and
 - (c) cause such filings and/or notifications to be duly filled with the relevant authorities in respect of the issue and allotment of the Sufficient Value New Share; and
- (ii) Fit Generation shall deliver to Sufficient Value board resolutions and shareholders' resolutions (if required) of Fit Generation approving, *inter alia*, the entry by Fit Generation into this Agreement and the subscription by Fit Generation of the Sufficient Value New Share, in accordance with the terms of this Agreement.

7.5 On the Completion Date, in respect of the Subscription of the Fit Generation New Share:

- (i) Fit Generation shall:
 - (a) deliver to Changhong HK Trading board resolutions and shareholders' resolutions (if required) approving the issue and allotment of the Fit Generation New Share to Changhong HK Trading;
 - (b) allot and issue the Fit Generation New Share to Changhong HK Trading by delivering the new share certificates for the Fit Generation New Share to Changhong HK Trading; and
 - (c) cause such filings and/or notifications to be duly filled with the relevant authorities in respect of the issue and allotment of the Fit Generation New Share; and
- (ii) Changhong HK Trading shall deliver to Fit Generation board resolutions and shareholders' resolutions (if required) of Changhong HK Trading approving, *inter alia*, the entry by Changhong HK Trading into this Agreement and the subscription by Changhong HK Trading of the Fit Generation New Share, in accordance with the terms of this Agreement.

8. TIME OF ESSENCE

Any time, date or period mentioned in any provision of this Agreement may be extended by agreement between the relevant Parties but as regards any time, date or period originally fixed and not extended or any time, date or period so extended as aforesaid, time shall be of the essence.

9. NOTICES

All notices, demands or other communications required or permitted to be given or made hereunder shall be in writing and delivered personally or sent by prepaid registered post or by telex or telefax addressed to the intended recipient thereof at its address, telex or telefax number set out below (or to such other address or fax number as any Party may from time to time notify the other Party):

Sichuan Changhong : 35 East Mianxing Road, Hi-Tech Park, Mianyang, Sichuan, China 621000

Tel No : 86 816 2418 419

Fax No : 86 816 2410 299

Attention : Ms Ai Xiao Xue

Changhong HK Trading : Unit 3701, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

Tel No : 852 3690 2366

Fax No : 852 3690 2108

Attention : Mr. Tang Yun

Changhong HK Enterprises : Unit 3701, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

Tel No : 852 3690 2366

Fax No : 852 3690 2108

Attention : Mr. Tang Yun

Sufficient Value : Unit 3701, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

Tel No : 852 3690 2366

Fax No : 852 3690 2108

Attention : Mr. Tang Yun

Fit Generation : Unit 2507, Shenzhen Changhong Technology Building, South Zone, Tech Park, Nanshan, Shenzhen, China

Tel No : 86 755 8669 9361

Fax No : 86 755 8669 9358

Attention : Mr. Zhao Qilin

10. CONFIDENTIALITY

The Parties agree to treat this Agreement and any information provided by any Party or its solicitors and other professional advisers, nominees, agents, servants, directors or officers to the other Party as strictly confidential and agree not to disclose any provision hereof without the written consent of the other Party except for disclosure by a Party required pursuant to any law (including any order of a court of competent jurisdiction) or the official directives, guidelines, policies or rules of any stock exchange or rating agency or governmental or other regulatory authority, whether or not having the force of law, or disclosure in confidence to its solicitors and other professional advisers or related corporations, or for the purpose of implementing this Agreement. This obligation of confidentiality shall not apply to information which:-

- (a) was generally in the public domain at the time of disclosure (unless available as a result of a breach of this Agreement); or
- (b) was lawfully in the possession of a party prior to such disclosure and was not acquired directly or indirectly from the other Party or any company associated with the other Party or from a third party under an obligation of confidence; or
- (c) is or becomes public knowledge by act(s) or failure to act other than those of a Party or its solicitors and other professional advisers, nominees, agents, servants, directors or officers, as the case may be; or
- (d) is information furnished to a Party without restriction by any third party having a bona fide right to do so.

11. COSTS

Each Party shall bear its own respective costs and expenses incurred by it in the preparation and negotiation of this Agreement.

12. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Either Party may enter into this Agreement by signing any such counterpart or each counterpart may be signed and executed by the Parties and transmitted by facsimile transmission and shall be as valid and effectual as if executed as an original.

13. RELEASE AND WAIVER

Any liability of a Party to the other Party hereunder may in whole or in part be released, compounded or compromised, or time or indulgence may be given, by the other Party in its absolute discretion without in any way prejudicing or affecting its rights against the aforesaid Party. Any release or waiver or compromise shall be in writing and shall not be deemed to be a release, waiver or compromise of similar conditions in the future.

14. GOVERNING LAW & JURISDICTION

- 14.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with Hong Kong law.
- 14.2 All disputes, controversies or claims arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled (if not resolved by a non-binding mediation process) by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force from time to time. The place of arbitration shall be in Hong Kong at the Hong Kong International Arbitration Centre (the "HKIAC"), and the proceedings shall be conducted in English. The tribunal shall consist of one arbitrator to be appointed by the Chairman of the HKIAC. Any such arbitration shall be administered by the HKIAC in accordance with the HKIAC Procedures for Arbitration in force at the Completion Date including such additions to the UNCITRAL Arbitration Rules as are therein contained. An award by the arbitrator shall be final and conclusive and binding upon the parties and shall not be subject to further appeal.
- 14.3 Each of the Parties irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong to support and assist the arbitration process pursuant to Clause 14.2, including if necessary the grant of interlocutory relief pending the outcome of that process.

Appendix A

Changhong HK Trading

	Prior to completion of the Subscription of the Changhong HK Trading New Share	After completion of the Subscription of the Changhong HK Trading New Share	Resultant increase
Authorised share capital	HK\$10,000,000 comprising 10,000,000 ordinary shares	HK\$200,000,000 comprising 200,000,000 ordinary shares	HK\$190,000,000 comprising 190,000,000 ordinary shares
Issued share capital	HK\$10,000,000 comprising 10,000,000 ordinary shares	HK\$200,000,000 comprising 200,000,000 ordinary shares	HK\$190,000,000 comprising 190,000,000 ordinary shares

Fit Generation

	Prior to completion of the Subscription of the Fit Generation New Share	After completion of the Subscription of the Fit Generation New Share	Resultant increase
Authorised share capital	US\$50,000 comprising 50,000 ordinary shares	No change	Not applicable
Issued share capital	US\$1.00 comprising 1 ordinary share	US\$2.00 comprising 2 ordinary shares	US\$1.00 comprising 1 ordinary share

Sufficient Value

	Prior to completion of the Subscription of the Sufficient Value New Share	After completion of the Subscription of the Sufficient Value New Share	Resultant increase
Authorised issued share capital	US\$50,000 comprising 50,000 ordinary shares	No change	Not applicable
Issued share capital	US\$1.00 comprising 1 ordinary share	US\$2.00 comprising 2 ordinary shares	US\$1.00 comprising 1 ordinary share

Changhong HK Enterprises

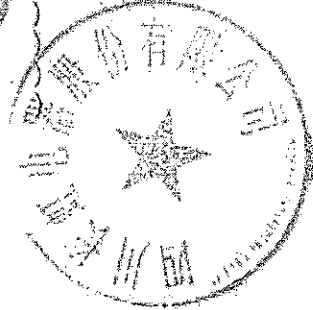
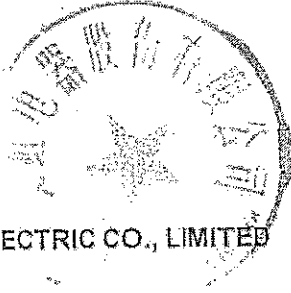
	Prior to completion of the Subscription of the Changhong HK Enterprises New Share	After completion of the Subscription of the Changhong HK Enterprises New Share	Resultant increase
Authorised issued share capital	HK\$10,000 comprising 10,000 ordinary shares	HK\$20,000 comprising 20,000 ordinary shares	HK\$10,000 comprising 10,000 ordinary shares
Issued share capital	HK\$10,000 comprising 10,000 ordinary shares	HK\$10,001 comprising 10,001 ordinary shares	HK\$1.00 comprising 1 ordinary share

IN WITNESS WHEREOF this Agreement has been entered into on the date stated at the beginning.

SICHUAN CHANGHONG

SIGNED BY

for and on behalf of
SICHUAN CHANGHONG ELECTRIC CO., LIMITED
in the presence of:



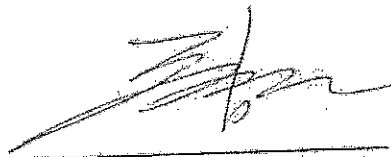
谭明康

Name :
Designation :

CHANGHONG HK TRADING

SIGNED BY

for and on behalf of
CHANGHONG (HONG KONG) TRADING LIMITED
in the presence of:

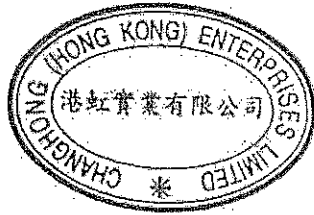


Name
Designation

CHANGHONG HK ENTERPRISES

SIGNED BY

for and on behalf of
CHANGHONG (HONG KONG) ENTERPRISES LIMITED
in the presence of:

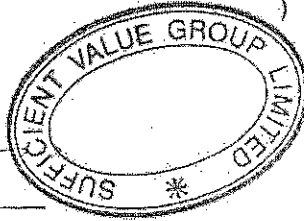
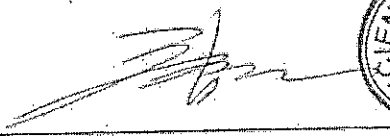


Name :
Designation :

SUFFICIENT VALUE

SIGNED BY

for and on behalf of
SUFFICIENT VALUE GROUP LIMITED
in the presence of:



Name :
Designation :

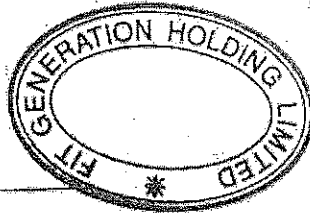
FIT GENERATION

SIGNED BY

for and on behalf of
FIT GENERATION HOLDINGS LIMITED
in the presence of:

[Handwritten signature]

[Handwritten signature]



Name :
Designation :