
HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Our corporate history

Our Company was incorporated in Bermuda on 14 November 2014 in anticipation of the Listing. As at the Latest Practicable Date, our Company had two wholly-owned subsidiaries, namely Singyes HK and Singyes Applicable Materials. Singyes HK is an investment holding company incorporated in Hong Kong and Singyes Applicable Materials is our indirect wholly-owned operating subsidiary registered as a foreign investment enterprise under PRC laws.

The history of our Group can be traced back to 2010 when Singyes Applicable Materials was established by Singyes Renewable Energy, a subsidiary of Singyes Solar, and 西安鐘潤實業有限公司 (Xi'an Zhongrun Industrial Co., Ltd.*) (“**Xi'an Zhongrun**”), an Independent Third Party. Singyes Renewable Energy and Xi'an Zhongrun initially contributed capital in the amount of RMB6 million and RMB4 million, respectively, towards Singyes Applicable Materials at the time of establishment using their respective own resources. In 2011, Singyes Energy-saving, an indirect wholly-owned subsidiary of Singyes Solar acquired the 60% equity interest in Singyes Applicable Materials held by Singyes Renewable Energy. In 2012, Singyes Energy-saving and Xi'an Zhongrun contributed capital in the amount of RMB6 million and RMB4 million, respectively to Singyes Applicable Materials. In 2013, Singyes Energy-saving acquired the remaining 40% equity interests in Singyes Applicable Materials held by Xi'an Zhongrun and became the holder of its entire equity interest. In 2014, Singyes Energy-saving entered into an equity transfer agreement with Singyes HK pursuant to which its entire equity interest in Singyes Applicable Materials was sold and transferred to Singyes HK, an indirect wholly-owned subsidiary of Singyes Solar. The transfer and registration process to effect such transfer of equity interest in the PRC was completed in 2015. Before the Spin-off, Singyes Applicable Materials was one of the subsidiaries of Singyes Solar, the shares of which have been listed on the Main Board since January 2009.

For further information relating to our corporate history, please refer to the paragraph headed “Our corporate history and group structure” in this section.

History of our business and operations

Our Group commenced our business and the production and sales of ITO film in 2011. Since establishment, through research and development, we have developed downstream products which use ITO film as one of the main materials. These products can be broadly classified into, (i) Smart Light-adjusting Film; (ii) Smart Light-adjusting Glass; and (iii) Smart Light-adjusting Projection System. Our Directors believe that our Group is one of the few integrated manufacturers in the PRC which produces and sells ITO film as well as related downstream products. For further information in relation to our business, please refer to the section headed “Business” in this prospectus.

It was previously contemplated by the Remaining Group that the ITO and/or new materials businesses (i.e. those currently carried out by our Group) may possibly complement certain environmental protection green technology applications deployed by the Remaining Group in its curtain wall projects. However, over the course of development and implementation of the relevant technologies, it transpired that the relevant technologies are suitable for indoor or interior

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applications which serve a distinct purpose and are demanded by a different customer base than those relating to outdoor or external applications of the Remaining Group. As such, the products of our Group as developed by us were not intended to be used in outdoor or external curtain wall installations compared to the products of the Remaining Group.

BUSINESS DEVELOPMENT AND KEY BUSINESS MILESTONES

The following events are the key business milestones of our Group since its establishment to the present:

Year	Event
March 2010	Singyes Applicable Materials was established and commenced its business in the ITO film industry
April 2011	Commencement of production and sales of ITO film and commencement of our production line for 1,300mm width vacuum sputtering ITO film (幅寬1,300毫米真空ITO薄膜濺鍍生產線)
June 2012	Commencement of production and sales of Smart Light-adjusting Film
February 2013	Commencement of production of Smart Light-adjusting Glass
August 2013	Commencement of production and sales of 1,600mm width roll-to-roll continuous coating film (幅寬1,600毫米卷對卷連續式塗布調光膜)
June 2014	Commencement of production of 2,000mm width roll-to-roll continuous coating film (幅寬2,000毫米卷對卷連續式塗布調光膜)
August 2015	Commencement of production and sales of Smart Light-adjusting Projection System
October 2015	Gained recognition in the PRC and obtained certificate from PRC government authorities as a “High-tech Enterprise of Guangdong Province”
October 2015	Commencement of production line for 2,100mm width vacuum sputtering ITO film (幅寬2,100毫米真空ITO薄膜濺鍍生產線)
June 2016	Establishment of product reliability laboratory (產品可靠性實驗室)
November 2016	Commencement of production of ingredients for super-transparent light-adjusting films (高透調光膜)

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PRE-IPO INVESTMENTS

On 1 March 2016, our Company entered into (i) a subscription agreement with Kunlun Holdings Group Limited (“**Kunlun Holdings**”) pursuant to which it subscribed in cash for approximately 6.0% of the then issued share capital of our Company; and (ii) a subscription agreement with Raton Race Investments Limited (“**Raton Race**” together with Kunlun Holdings, the “**PE Investors**”) pursuant to which it subscribed in cash for approximately 4.0% of the then issued share capital of our Company (the “**Pre-IPO Investments**”). The consideration payable by each of the PE Investors in respect of their respective subscription of Shares under these subscription agreements were determined after an arm’s length negotiation and were settled in full by cash. The following table sets out the summary of the Pre-IPO Investments:

Name of PE Investor:	Kunlun Holdings	Raton Race
Date of agreement:	1 March 2016	1 March 2016
Subject of agreement:	Subscription to approximately 6.0% of the then issued share capital of our Company	Subscription to approximately 4.0% of the then issued share capital of our Company
Amount of consideration paid:	US\$1,188,000	US\$792,000
Basis of determination of consideration:	On an arm’s length basis having regard to the net asset value as at 31 December 2015 and the net profit of our Company for the year ended 31 December 2015	On an arm’s length basis having regard to the net asset value as at 31 December 2015 and the net profit of our Company for the year ended 31 December 2015
Date of completion and payment of consideration:	2 March 2016	29 April 2016
Investment cost per Share (<i>Note</i>):	Approximately HK\$0.43	Approximately HK\$0.43
Discount to the Offer Price:	Approximately 57.0%	Approximately 57.0%
Shareholding in our Company upon Listing (<i>Note</i>):	Approximately 4.4%	Approximately 3.0%
Special rights:	Nil	Nil
Lock-up:	The relevant Shares are subject to a lock-up period of six months from the Listing Date	The relevant Shares are subject to a lock-up period of six months from the Listing Date

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Use of proceeds	Proceeds from the above subscription agreements are for working capital purposes including but not limited to procurement of materials, technology research and development and sales of products. As of the Latest Practicable Date, the proceeds have been fully utilized.
Strategic benefits from the Pre-IPO investment	Our Directors are of the view that our Company can benefit from the Pre-IPO Investors' commitment to our Company as their investment demonstrates their confidence in the operations of our Group and services as an endorsement of our Company's performance, strength and prospects.
Public float	The Shares held by Kunlun Holdings and Raton Race will be counted as part of the public float upon Listing as (i) each of them is not a connected person of our Company; (ii) the acquisitions of their respective equity interests in the Shares were not financed directly or indirectly by any connected person of our Company; and (iii) each of them is not accustomed to take instructions from any connected person in relation to the acquisitions, disposals, voting or other disposition of securities of our Company registered in their names or otherwise held by them.

Note: On the basis of the enlarged share capital of our Company immediately following the Share Offer and the Capitalisation Issue and assuming no exercise of the Offer Size Adjustment Option.

Kunlun Holdings was incorporated in Hong Kong as a limited liability company on 2 March 2015 and is wholly and beneficially owned by Ms. Yang Ying Fei who is an individual investor. Kunlun Holdings is principally engaged in investment activities. To the best of our Directors' knowledge, Kunlun Holdings did not have any past or present relationship or any agreement or arrangement (other than in respect of the Pre-IPO Investments) with our Group, Shareholders, Directors or senior management or any of their respective associates and was an Independent Third Party as at the Latest Practicable Date.

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Raton Race was incorporated in the British Virgin Island as a limited liability company on 19 January 2004 and is wholly and beneficially owned by Mr. Tang Tao who is an individual investor. Raton Race is principally engaged in providing financial consulting services. Raton Race was a pre-IPO investor of Singyes Solar, our parent company and one of our Controlling Shareholders. Except as disclosed above, to the best of our Directors' knowledge, Raton Race did not have any other past or present relationship or any agreement or arrangement with our Group, Shareholders, Directors or senior management any of their respective associates (other than in respect of the Pre-IPO Investments) and was an Independent Third Party as at the Latest Practicable Date.

To the best of our Director's knowledge after due and careful enquiry, as at the Latest Practicable Date, Kunlun Holdings and Raton Race did not have any past or present relationship or any agreement or arrangement with each other and were independent of each other.

Sole Sponsor's confirmation

Given that (i) no special rights have been granted to the PE Investors in respect of the Pre-IPO Investments; (ii) the Directors have confirmed that the terms of the investments by the PE Investors (including the consideration) were determined on arm's length basis with the consideration payable determined with reference to the net profit of our Company for the year ended 31 December 2015 and the net asset value of our Company as at 31 December 2015; and (iii) the consideration payable by the PE Investors under the Pre-IPO Investments have been settled more than 28 clear days before the date of submission of the Listing application, the Sole Sponsor is of the view that the Pre-IPO Investments by the PE Investors are in compliance with the "Interim Guidance on pre-IPO Investments" (HKEx-GL29-12) and "Guidance on pre-IPO Investments" (HKEx-GL43-12) issued by the Stock Exchange.

PROPOSED SPIN-OFF OF THE GROUP

Please refer to the section "The Spin-off and the Preferential Offering" of this prospectus for the reasons and benefits of the Spin-off.

OUR CORPORATE HISTORY AND GROUP STRUCTURE

Details of the corporate history of our Company and our subsidiaries are set out below:

Our Company

Our Company was incorporated in Bermuda on 14 November 2014 as an exempted company with limited liability. Our Company was established by Top Access to act as the holding company and potential listing vehicle of our Group. Since November 2014, our Company has been the legal and beneficial holder of the entire issued share capital of Singyes HK and is the holding company of our Group.

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Singyes HK

Singyes HK was incorporated in Hong Kong on 28 November 2014 as a limited liability company on 28 November 2014. Upon incorporation, one subscriber share was allotted and issued fully paid to an initial subscriber who was an Independent Third Party. On the same day, such subscriber share was transferred to our Company at a nominal consideration of US\$1.0 following which Singyes HK became a wholly-owned subsidiary of our Company.

Our Company incorporated Singyes HK as a holding company to take up the entire registered capital of Singyes Applicable Materials. During the Track Record Period and up to the Latest Practicable Date, Singyes HK was an investment holding company.

Singyes Applicable Materials

Singyes Applicable Materials was established in the PRC on 31 March 2010 as a limited liability company by Singyes Renewable Energy and Xi'an Zhongrun with an initial registered capital of RMB20 million. At the time of its establishment, Singyes Applicable Materials was legally and beneficially owned as to 60% by Singyes Renewable Energy and 40% by Xi'an Zhongrun through their respective capital contribution in the amount of RMB6.0 million and RMB4 million, respectively into Singyes Applicable Materials.

On 1 March 2011, Singyes Renewable Energy and Singyes Energy-saving entered into an equity transfer agreement, pursuant to which Singyes Renewable Energy transferred its 60% equity interest in Singyes Applicable Materials to Singyes Energy-saving, at a consideration of RMB12.0 million which was fully settled on 15 June 2012.

On 27 March 2012, Singyes Energy-saving and Xi'an Zhongrun contributed capital in the amount of RMB6.0 million and RMB4.0 million, respectively into Singyes Applicable Materials. As a result, the total paid-up capital of Singyes Applicable Materials became RMB20.0 million.

On 7 June 2013, Singyes Energy-saving and Xi'an Zhongrun entered into an equity transfer agreement, pursuant to which Xi'an Zhongrun transferred its 40% equity interest in Singyes Applicable Materials to Singyes Energy-saving, at a consideration of RMB8.0 million, which was determined with reference to the registered capital of Singyes Applicable Materials at the time of transfer and the consideration was fully settled on 24 March 2015.

On 17 November 2014, the registered capital of Singyes Applicable Materials was increased from RMB20.0 million to RMB50.0 million, with the increase in registered capital of RMB30.0 million contributed by Singyes Energy-saving. As a result, the total paid-up capital of Singyes Applicable Materials became RMB50.0 million.

On 6 December 2014, Singyes Energy-saving and Singyes HK entered into an equity transfer agreement, pursuant to which Singyes Energy-saving transferred its entire equity interest in Singyes Applicable Materials to Singyes HK, at a consideration of RMB55,161,300, which was determined with reference to the net asset value of Singyes Applicable Materials at the time of transfer and the consideration was fully settled on 12 February 2015.

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On 6 February 2015, Singyes Applicable Materials was registered as a foreign investment enterprise under the PRC laws with a total investment capital of RMB125.0 million and a registered capital of RMB50.0 million.

On 8 April 2016, the registered capital of Singyes Applicable Materials was increased from RMB50.0 million to RMB62.5 million, with the increase in registered capital of RMB12.5 million contributed by Singyes HK. The total paid-up capital of Singyes Applicable Materials as at the Latest Practicable Date was RMB62,500,000.

Singyes Applicable Materials is our key PRC operating subsidiary and it is principally engaged in research and development of, and manufacture and sale of ITO film, Smart Light-adjusting Products and Smart Light-adjusting Projection System.

Singyes Solar

Singyes Solar is an exempted company incorporated in Bermuda on 24 October 2003 with limited liability and the shares of which are listed on the Main Board (stock code: 00750). Singyes Solar is a Controlling Shareholder of our Company.

For further details regarding Singyes Solar, please refer to the section headed “Relationship with Controlling Shareholders – Background of our Controlling Shareholders” in this prospectus.

REORGANISATION

The Reorganisation of our Group in preparation for the Listing involved (i) the incorporation of our Company and Singyes HK as indirect and direct investment holding companies of Singyes Applicable Materials in November 2014; (ii) the acquisition of Singyes Applicable Materials by Singyes HK from Singyes Energy-saving in December 2014; and (iii) the Capitalisation Issue (as described in the paragraph headed “Capitalisation Issue” in this section of the prospectus).

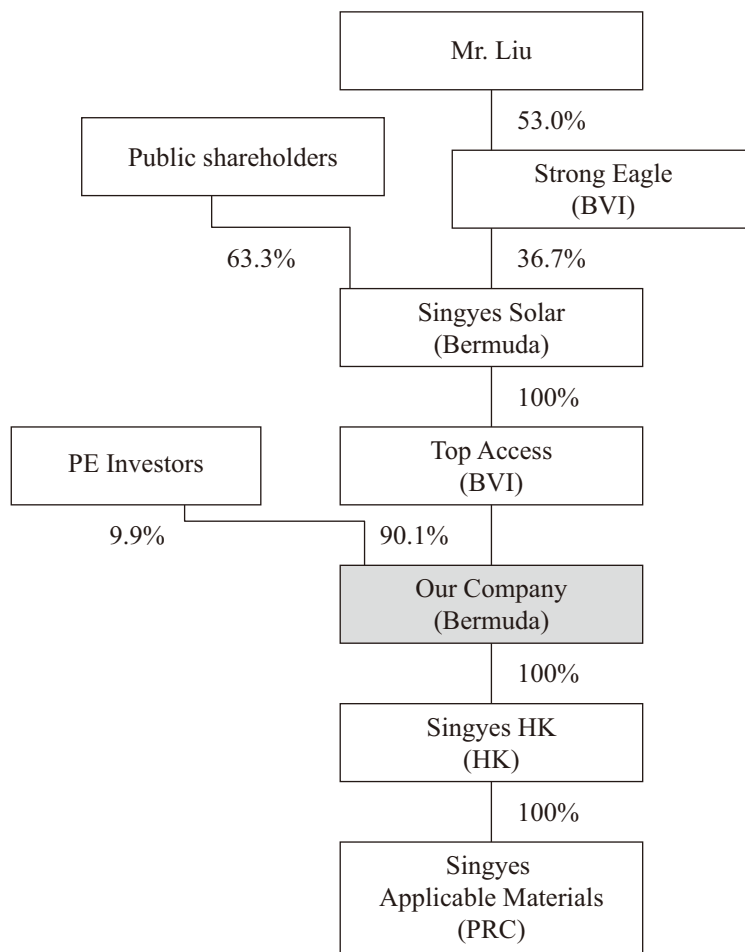
CAPITALISATION ISSUE

Pursuant to the resolutions passed by our Shareholders on 23 June 2017, our Directors were authorised to capitalise an aggregate amount of US\$3,599,889 standing to the credit of the share premium of our Company and to appropriate such amount as capital to pay up in full at par 359,988,900 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on 23 June 2017, in proportion to their then existing shareholdings in our Company (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share), each carrying the same rights in all respects with the then existing issued Shares.

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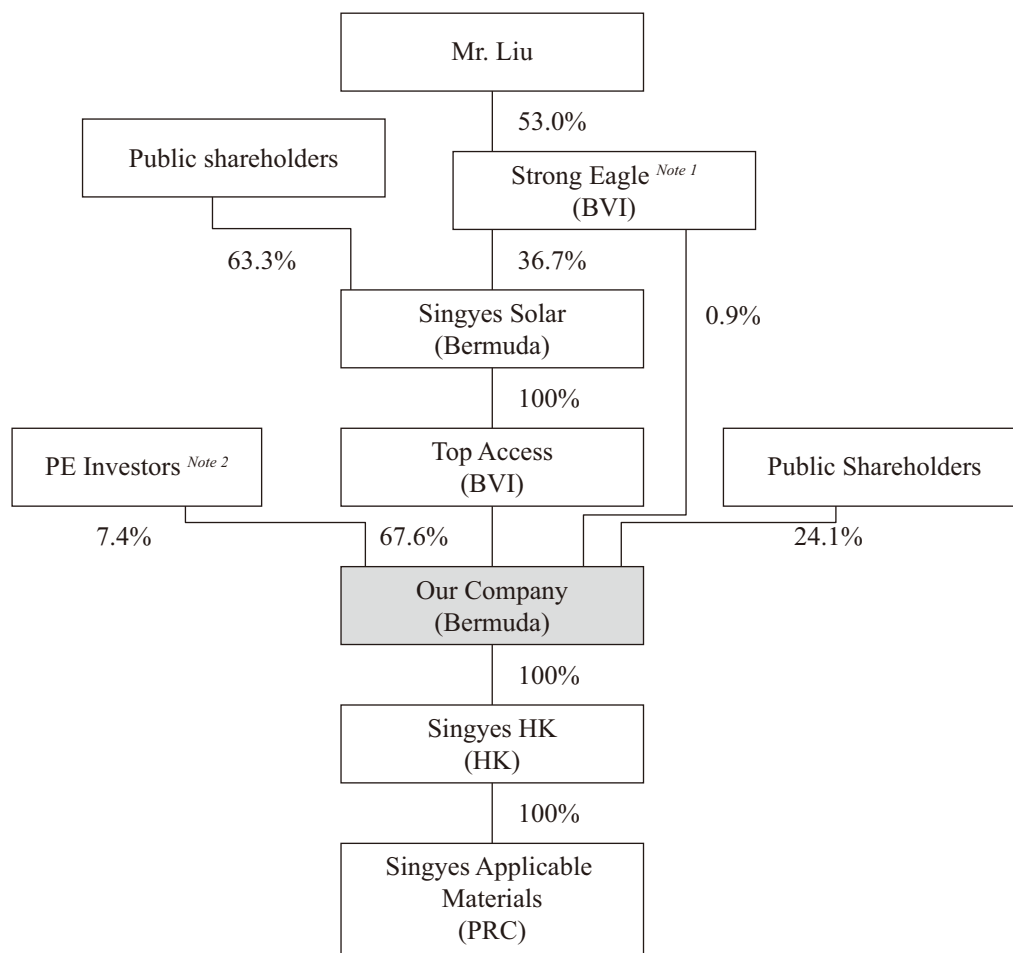
CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP IMMEDIATELY BEFORE AND AFTER COMPLETION OF THE SHARE OFFER AND THE CAPITALISATION ISSUE

The chart below illustrates the corporate and shareholding structure of our Group immediately before completion of the Share Offer and the Capitalisation Issue:



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Set out below is the corporate and shareholding structure of our Group immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised and assuming that Strong Eagle will exercise its Assured Entitlement and subscribe under the Preferential Offering in full):



Note:

1. Strong Eagle is legally and beneficially owned by Mr. Liu, Mr. Sun, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming, as to 53%, 15%, 13%, 10% and 9% respectively.
2. The PE Investors will be public Shareholders.