
HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND BUSINESS

BUSINESS DEVELOPMENT OF OUR GROUP

Our history can be traced back to August 1995 when Zhuhai Singyes, our key operating subsidiary, was established by Zhuhai Singyes Safety Glass, and Zhuhai City Township Enterprise as a limited liability company in the PRC which respectively held 80% and 20% in the equity of Zhuhai Singyes.

Since then, and under the leadership and management of our Chairman, Mr. Liu Hongwei, we have completed several significant glass curtain wall projects and have gradually established ourselves as a leading service provider in the design, fabrication and installation of glass curtain walls in the PRC.

In March 2000, Mr. Liu Hongwei and certain members of our senior management have participated in a management buyout and acquired the entire equity interest in Zhuhai Singyes from Zhuhai Singyes Safety Glass and Zhuhai City Township Enterprise. For further details of the management buyout, please refer to paragraph headed “Corporate Development of our Group – Zhuhai Singyes – management buyout” in this section of this prospectus.

In October 2004, nine of the then shareholders of Zhuhai Singyes, being Xu Wu, Xie Wen, Xiong Shi, Zhuo Jianming, Tang Tao, Cheng Zhen, Li Huizhong, Jing Renying and Sun Jinli transferred an aggregate of 44% equity interest in the Zhuhai Singyes to Innofast Investments at a consideration of US\$540,000 (equivalent to approximately RMB3,760,700). The consideration was arrived at after taking into account the valuation of Zhuhai Singyes’ net assets value as at 20 September 2003 prepared by Zhuhai Economic Gongxin Accounting Firm. At that time, the shareholders of Innofast Investments were Ms. Cheung Shan Hung and Mr. Zhou Fulin who were nominees of the shareholders of Strong Eagle, holding the shares of Innofast Investments on its behalf. Concurrently, the registered capital of Zhuhai Singyes was increased from US\$1,220,000 (equivalent to approximately RMB8,496,400) to US\$2,720,000 (equivalent to approximately RMB18,942,900). Subsequent to the aforesaid changes, Zhuhai Singyes has become a sino-foreign equity joint venture.

In recent years, our Group has diversified its business and has engaged in the design and manufacturing of solar-power products and BIPV projects.

Weihai China, a manufacturer of thin film cells, decided in 2006 that they would like to leverage on Zhuhai Singyes’ brand in the PRC’s curtain wall industry to market the use of thin film cells in BIPV systems. As such, we entered into a cooperation agreement with Weihai China on 18 July 2006 pursuant to which we agreed to purchase thin film cells from Weihai China at the market price and be responsible for the research, design, construction and installation of BIPV and power generation systems. As at the Latest Practicable Date, Weihai China is one of the companies with the capability of manufacturing thin film a-Si PV panels and CIGS PV panels in the PRC. To further strengthen our cooperation with Weihai China, we acquired a 13% equity interest in Weihai China in February 2008 from Cameste. For further details of Weihai China, please refer to the paragraph headed “Corporate Development of our Group – Other Investments – Weihai China” in this section of this prospectus. As at the Latest Practicable Date, there is no past or present relationship

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between Weihai China and our Group, its directors, shareholders, senior management or their respective associates, other than our Group's 13% equity interest in Weihai China and Mr. Liu Hongwei's directorship in Weihai China.

In 2007, we commenced our first BIPV project, the National Olympic Sports Center Stadium project in Beijing, which was completed in the same year. Since then, we have completed several BIPV projects, such as Weihai Tian An Building, Qingdao Railway Station. In addition, we have completed the design work for a number of significant BIPV projects, for example, Weihai Public Cultural Center, and the constructions of these projects are expected to be completed in 2009.

In 2007, we established Singyes Renewable Energy to strengthen our capacity in BIPV projects and the production of solar-power products.

As at the Latest Practicable Date, the State Intellectual Property Office has granted us six patent approvals in relation to (i) detachable vacuum glass with electric blinds (可拆卸式電動內簾中空玻璃幕牆); (ii) intelligent internal ventilation curtain wall (內循環智能呼吸幕牆); (iii) modular double-layer curtain wall (組件式雙層幕牆); (iv) compound assemble window frame connector (組合式組框連角器); (v) a-Si BIPV (非晶硅光伏建築一體化); and (vi) solar integrated grid power generation system (太陽能並網發電系統) and has accepted another nine patent applications submitted by us, respectively in relation to (i) single-panel heat insulation materials (單橋隔熱型材); (ii) ventilation aluminum transom curtain wall (橫梁通風玻璃幕牆); (iii) high performance torsion-resistance system for stick curtain wall (框架幕牆用高效抗扭連接系統); (iv) single cable support stainless clamping curtain system (單索無孔點承玻璃幕牆系統); (v) BIPV frame support system (BIPV幕牆龍骨支撐體系); (vi) vertical overlapped aluminum alloy roof system integrate with PV system (既有直立索鎖邊屋頂面便捷式光伏支撐系統); (vii) a-Si solar charger and inverter facilities (非晶硅太陽能控制逆變一體機); (viii) heat pump boiler and photovoltaic complementation system (熱泵鍋爐與太陽能發電互補系統); and (ix) photovoltaic itinerant inspection system (太陽能發電站電池板巡檢系統). For further details of such patents, see the sub-section headed "Intellectual Property" under the paragraph headed "Further Information about our Business" in Appendix VI to this prospectus.

The following is a chronological overview of the business milestones of our Group since its establishment:

Business Milestones

August 1995	Zhuhai Singyes was established as a limited liability company in the PRC with limited liability, operating its business in the industry of design, fabrication and installation of glass curtain walls.
March 2000	Mr. Liu Hongwei and certain members of our senior management acquired the entire equity interest of Zhuhai Singyes.
April 2002	Zhuhai Singyes was awarded the certification of Level 1 Contracting for Construction of Curtain Wall Projects (建築幕牆工程專業承包壹級) by the PRC Ministry of Construction (中國建設部).

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February 2003	Zhuhai Singyes was awarded the certification of Class A Project Design for Curtain Wall Projects (建築幕牆專項工程設計甲級) by the PRC Ministry of Construction (中國建設部).
October 2003	Our Company was incorporated under the laws of Bermuda as an exempted company with limited liability.
October 2004	Zhuhai Singyes became a sino-foreign equity joint venture through the acquisition of its equity interest by Innofast Investments.
May 2006	Zhuhai Singyes was awarded the Certificate of High-Tech Enterprise (高新技術企業認定證書) by the Guangdong Province Science and Technology Bureau (廣東省科學技術廳).
July 2006	We started cooperating with Weihai China in the research and development of the production of thin film a-Si PV panels and CIGS PV panels.
November 2006	Zhuhai Singyes was named one of the national top 50 enterprises in the curtain wall industry (全國建築幕牆行業50強企業) by the China Building Decoration Association (中國建築裝飾協會).
October 2007	Singyes Renewable Energy was established as a limited liability company in the PRC.
October 2007	We completed our first BIPV project in Beijing, i.e. the National Olympic Sports Center Stadium project.
November 2007	Our BIPV system was awarded the Certificate of Science and Technological Achievement (科學技術成果鑒定證書) by the Guangdong Province Science and Technology Bureau (廣東省科學技術廳) and recognised as one that is advanced in the PRC.
February 2008	China Singyes acquired a 13% equity interest in Weihai China.

CORPORATE DEVELOPMENT OF OUR GROUP

The following is a brief corporate history of the establishment and changes in the shareholding of our Company and the subsidiaries of our Group.

Our Company

- (a) On 24 October 2003, our Company was incorporated in Bermuda as an investment-holding company of our Group with an authorised share capital of US\$12,000 divided into 1,200,000 Shares of US\$0.01 each. On 13 November 2003, our Company allotted and issued 1,068,000 and 132,000 nil-paid Shares to Mr. Liu Hongwei and Mr. Xu Wu respectively.

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- (b) On 20 May 2004, Strong Eagle, Raton Race and Mr. Cheng Zhen acquired 900,000 Shares (representing 75% of the then issued and paid-up share capital of our Company), 72,000 Shares (representing 6% of the then issued and paid-up share capital of our Company) and 96,000 Shares (representing 8% of the then issued and paid-up share capital of our Company) respectively, from Mr. Liu Hongwei, in cash at par value of US\$0.01 per Share.
- (c) Cathy Way became a Shareholder following the occurrence of the following events:
- 1) On 10 May 2004 and pursuant to the Fortune Ideal Loan Agreement, Fortune Ideal granted a loan of US\$650,000 (equivalent to approximately RMB4,526,800) (the “Fortune Ideal Loan”) to our Company convertible into Shares, of which the number of Shares received upon conversion and the conversion price are to be determined in accordance with a pre-agreed formula as set out in the Fortune Ideal Loan Agreement.
 - 2) As security for the Fortune Ideal Loan, Strong Eagle and Xu Wu respectively charged 141,616.80 Shares and 17,503.20 Shares to Fortune Ideal pursuant to the release and share charge agreements dated 3 December 2004 (“Fortune Ideal Charge”).
 - 3) On 4 June 2007, Fortune Ideal, Cathy Way, Mr. Liu Hongwei and our Company entered into a composite agreement (“Fortune Ideal Composite Agreement”) pursuant to which it was agreed, among others, that Fortune Ideal shall assign all rights and benefits (including without limitation the conversion right in respect thereof) under the Fortune Ideal Loan Agreement of which the total outstanding sum was set out as US\$589,354.00 (equivalent to approximately RMB4,104,400) to Cathy Way subject to the terms and conditions contained therein. To the best knowledge of our Directors, Fortune Ideal and Cathy Way are independent from each other.
 - 4) Pursuant to the Fortune Ideal Composite Agreement, Cathy Way shall be deemed to have exercised its conversion right under the Fortune Ideal Loan Agreement (as assigned to Cathy Way pursuant to the Fortune Ideal Composite Agreement) upon fulfillment of certain conditions mentioned therein; on 7 June 2007, our Company issued 66,496 Shares to Cathy Way for the purpose of the deemed conversion. The Fortune Ideal Charge has been discharged upon the deemed conversion.
 - 5) On 22 June 2007, Fortune Ideal, Cathy Way, Mr. Liu Hongwei and our Company entered into a supplemental agreement in relation to the Fortune Ideal Composite Agreement (“Supplemental Agreement”) whereupon it was agreed, among others, that the principal outstanding amount under the Fortune Ideal Composite Agreement shall be deemed to be the sum of US\$590,564.00 (equivalent to approximately RMB4,113,000). Therefore, the issue of 66,496 Shares to Cathy Way on 7 June 2007 for the purpose of the deemed conversion of the principal sum due under the Fortune Ideal Loan

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Agreement (as assigned to Cathy Way pursuant to the Fortune Ideal Composite Agreement and the Supplemental Agreement) by Cathy Way was deemed to be at a conversion price of approximately US\$8.88 per Share (equivalent to approximately RMB61.84 or HK\$69.26 per Share). Upon completion of the Global Offering, Cathy Way will hold 28,755,817 Shares. The effective conversion price per Share paid by Cathy Way is US\$0.021 per Share (equivalent to approximately HK\$0.16 per Share). Such effective conversion price per Share represents a discount of approximately 85.45% to the Offer Price (assuming an Offer Price of HK\$1.10 per Share based on the mid-point of the indicative range of the Offer Price of HK\$1.00 to HK\$1.20).

- 6) On 16 June 2007, Cathy Way transferred its 66,496 Shares to Xu Wu for US\$1,325,000 (equivalent to approximately RMB9,227,700). Such consideration was determined on an arm's length basis with reference to the net assets value of our Group as at 31 December 2006.
 - 7) Immediately after Cathy Way transferred its 66,496 Shares to Xu Wu on 16 June 2007, Xu Wu encountered sudden financial burden. Xu Wu then decided to capitalize some of his investments and on the same date transferred 132,000 Shares to Cathy Way for US\$2,650,000 (equivalent to approximately RMB18,455,400). Such consideration was determined on an arm's length basis with reference to the net assets value of our Group as at 31 December 2006.
- (d) SIIS Investment (No. 13) became a Shareholder following the occurrence of the following events:

Pursuant to the SIIS Investment (No. 13) Loan Agreement, SIIS Investment (No. 13) granted a loan of US\$650,000 (equivalent to approximately RMB4,526,800) (the "SIIS Investment (No. 13) Loan") to our Company convertible into Shares, of which the number of Shares received upon conversion and the conversion price are to be determined in accordance with a pre-agreed formula as set out in the SIIS Investment (No. 13) Loan Agreement. As security for the SIIS Investment (No. 13) Loan, Strong Eagle and Xu Wu respectively charged 141,616.80 Shares and 17,503.20 Shares to SIIS Investment (No. 13) pursuant to the release and share charge agreements dated 3 December 2004 ("SIIS Investment (No. 13) Charge"). In August 2007, the SIIS Investment (No. 13) Loan was converted and SIIS Investment (No. 13) was issued 66,496 Shares at a conversion price of approximately US\$9.78 per Share (equivalent to approximately RMB68.11 or HK\$76.28 per Share). Upon completion of the Global Offering, SIIS Investment (No. 13) will hold 14,486,144 Shares. The effective conversion price per Share paid by SIIS Investment (No. 13) is US\$0.045 per Share (equivalent to approximately HK\$0.35 per Share). Such effective conversion price per Share represents a discount of approximately 68.18% to the Offer Price (assuming an Offer Price of HK\$1.10 per Share based on the mid-point of the indicative range of the Offer Price of HK\$1.00 to HK\$1.20). The SIIS Investment (No. 13) Charge has been discharged upon the conversion.

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(e) New Wave became a Shareholder following the occurrence of the following events:

- 1) Pursuant to the Top Prestige Loan Agreement, Top Prestige granted a loan of US\$300,000 (equivalent to approximately RMB2,089,300) (the “Top Prestige Loan”) to our Company convertible into Shares, of which the number of Shares received upon conversion and the conversion price are to be determined in accordance with a pre-agreed formula as set out in the Top Prestige Loan Agreement. As security for the Top Prestige Loan, Strong Eagle and Xu Wu respectively charges 65,361.60 Shares and 8,078.40 Shares to Top Prestige pursuant to the share charge agreements dated 3 December 2004 (“Top Prestige Charge”).
- 2) Top Prestige, New Wave and our Company entered into a composite agreement dated 10 August 2007 (“Top Prestige Composite Agreement”) pursuant to which Top Prestige has agreed to assign all rights and benefits of Top Prestige under the Top Prestige Loan Agreement to New Wave subject to the terms and conditions contained therein. To the best knowledge of our Directors, Top Prestige and New Wave are independent from each other.
- 3) Pursuant to the Top Prestige Composite Agreement, New Wave shall be deemed to have exercised its conversion right under the Top Prestige Loan Agreement (as assigned to New Wave pursuant to the Top Prestige Composite Agreement) upon fulfillment of certain conditions mentioned therein. The Top Prestige Charge has been discharged upon the deemed conversion.
- 4) Pursuant to the Top Prestige Composite Agreement, our Company issued 30,691 Shares to New Wave on 23 August 2007 for the purpose of the deemed conversion of the principal sum of US\$300,000 (equivalent to approximately RMB2,089,300) due under the Top Prestige Loan Agreement (as assigned to New Wave pursuant to the Top Prestige Composite Agreement) by New Wave at a conversion price of approximately US\$9.78 (equivalent to approximately RMB68.11 or HK\$76.28 per Share). Upon completion of the Global Offering, New Wave will hold 6,685,875 Shares. The effective conversion price per Share paid by New Wave is US\$0.045 per Share (equivalent to approximately HK\$0.35 per Share). Such effective conversion price per Share represents a discount of approximately 68.18% to the Offer Price (assuming an Offer Price of HK\$1.10 per Share based on the mid-point of the indicative range of the Offer Price of HK\$1.00 to HK\$1.20).

(f) China Venture became a Shareholder following the occurrence of the following events:

Pursuant to the China Venture Loan Agreement, China Venture granted a loan of US\$900,000 (equivalent to approximately RMB6,267,900) (the “China Venture Loan”) to our Company convertible into Shares, of which the number of Shares

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received upon conversion and the conversion price are to be determined in accordance with a pre-agreed formula as set out in the China Venture Loan Agreement. As security for the China Venture Loan, Strong Eagle and Xu Wu respectively charged 196,084.80 and 24,235.20 Shares to China Venture pursuant to the share charge agreements dated 3 December 2004 (“China Venture Charge”). In August 2007, the outstanding principal amount of US\$700,000 (equivalent to approximately RMB4,875,000) in respect of the China Venture Loan was converted and China Venture was issued 71,612 Shares at a conversion price of approximately US\$9.78 per Share (equivalent to approximately RMB68.11 or HK\$76.28 per Share). Upon completion of the Global Offering, China Venture will hold 15,600,538 Shares. The effective conversion price per Share paid by China Venture is US\$0.045 per Share (equivalent to approximately HK\$0.35 per Share). Such effective conversion price per Share represents a discount of approximately 68.18% to the Offer Price (assuming an Offer Price of HK\$1.10 per Share based on the mid-point of the indicative range of the Offer Price of HK\$1.00 to HK\$1.20). The China Venture Charge has been discharged upon the conversion.

- (g) 1) Each of the Fortune Ideal Loan Agreement, SIIS Investment (No. 13) Loan Agreement, Top Prestige Loan Agreement and China Venture Loan Agreement was entered into with a view to our Company’s then proposed listing on the Singapore Stock Exchange (the “Proposed SGX Listing”). The management of our Group decided to abort its plan for the Proposed SGX Listing in early October 2005, after due consideration of (i) better market sentiment of the Hong Kong stock market, (ii) better liquidity of the shares of Hong Kong listed companies, (iii) better awareness of PRC enterprises in the Hong Kong stock market, (iv) the expected higher fund-raising amount, and (v) lower administrative and maintenance costs for listing in Hong Kong due to its proximity to our Group’s operation based in the PRC. The Proposed SGX Listing had not been approved or rejected.
- 2) The major terms of each of the Fortune Ideal Loan Agreement, SIIS Investment (No. 13) Loan Agreement, Top Prestige Loan Agreement and China Venture Loan Agreement are as follows:

Term

Each of Fortune Ideal, SIIS Investment (No. 13), Top Prestige and China Venture (each of them, an “Investor”) shall within five days from the date of the respective aforesaid loan agreement (the “Funding Date”) deposit the respective loan amount into the designated bank account of our Company. The term of the respective loans shall commence from the Funding Date and expire on the earlier of:

- (a) the date falling one year after the Funding Date; or

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- (b) upon the Investor delivering to our Company a duly executed conversion notice in the form set out in the respective loan agreement.

The relevant period of term for each of the loan agreements was not extended by the parties.

Interest rate

No interest shall be payable in the event that the Proposed SGX Listing was to be completed within one year from the date of the respective loan agreement (the “Proposed Target Date”). In the event that the Proposed SGX Listing was not completed by the Proposed Target Date or on the occurrence of an event of default as set out in the relevant aforesaid loan agreements, compensation costs shall be payable by our Company at a rate of 5% per annum, calculated on the basis of the actual days elapsed and a 365-day year, commencing from the Funding Date to the date of expiry of the term.

Basis for determination of the conversion price

The pre-agreed formula for the conversion price as set out in the respective loan agreement was determined with reference to the net earnings after tax based on the proforma audited consolidated financial statements of our Company and Zhuhai Singyes for the financial year ended 31 December 2003.

The conversion price of the 66,496 Shares issued to Cathy Way was slightly lower than that of the other investors due to the fact that Cathy Way’s conversion was made at a time earlier than the others and Cathy Way assumed relatively higher risk.

Special rights

Save for the right of pre-emption, there were no special rights granted to Cathy Way, SIIS Investment (No. 13), New Wave and China Venture pursuant to the relevant loan agreements. Such right of pre-emption has been waived by each of Cathy Way, New Wave and China Venture in March 2008 and by SIIS Investment (No. 13) in April 2008.

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- 3) There were no outstanding loan amounts payable under the Fortune Ideal Loan Agreement, Fortune Ideal Composite Agreement, Supplemental Agreement, SIIS Investment (No. 13) Loan Agreement, Top Prestige Loan Agreement, Top Prestige Composite Agreement and China Venture Loan Agreement after the conversions in June and August 2007. The following was the shareholding structure of our Company immediately after the aforesaid changes:

Shareholder	Number of shares held	Approximate % to total issued share capital
Strong Eagle	900,000	62.70%
Cheng Zhen	96,000	6.69%
Xu Wu	66,496	4.63%
Raton Race	72,000	5.02%
Cathy Way	132,000	9.20%
SIIS Investment (No. 13)	66,496	4.63%
New Wave	30,691	2.14%
China Venture	71,612	4.99%
Total	1,435,295	100%

- (h) 1) On 5 July 2007, IP Cathay, Asset & Ashe, Hua VII, VGC I, and Hi-Way (the “Senior Lenders”), Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen and Strong Eagle as founders, Innofast Investments, Zhuhai Singyes and our Company entered into the Note Purchase Agreement pursuant to which the Senior Lenders have agreed to advance the aggregate principal amount of US\$8,000,000 (equivalent to approximately RMB55,700,000), being the Senior Loans to our Company, as evidenced by the following secured promissory notes (collectively as “Secured Notes”) issued on the same date by our Company in favour of the Senior Lenders as follows:
- (a) IP Cathay has pursuant to the Note Purchase Agreement advanced the principal sum of US\$3,500,000 (equivalent to approximately RMB24,375,000) to our Company and was issued a secured promissory note by our Company in respect of the principal amount of US\$3,500,000 (equivalent to approximately RMB24,375,000) subject to the terms and conditions contained therein;
- (b) Asset & Ashe has pursuant to the Note Purchase Agreement advanced the principal sum of US\$3,000,000 (equivalent to approximately RMB20,892,900) to our Company and was issued a secured promissory note by our Company in respect of the principal amount of US\$3,000,000 (equivalent to approximately RMB20,892,900) subject to the terms and conditions contained therein;

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- (c) Hua VII has pursuant to the Note Purchase Agreement advanced the principal sum of US\$600,000 (equivalent to approximately RMB4,178,600) to our Company and was issued a secured promissory note by our Company in respect of the principal amount of US\$600,000 (equivalent to approximately RMB4,178,600) subject to the terms and conditions contained therein;
- (d) VGC I has advanced the principal sum of US\$400,000 (equivalent to approximately RMB2,785,700) to our Company pursuant to the Note Purchase Agreement and was issued a secured promissory note by our Company in respect of the principal amount of US\$400,000 (equivalent to approximately RMB2,785,700) subject to the terms and conditions contained therein;
- (e) Hi-Way has advanced the principal sum of US\$500,000 (equivalent to approximately RMB3,482,100) to our Company pursuant to the Note Purchase Agreement and was issued a secured promissory note by our Company in respect of the principal amount of US\$500,000 (equivalent to approximately RMB3,482,100) subject to the terms and conditions contained therein (“Hi-Way Secured Note”);

The Note Purchase Agreement was entered into between the parties with a view to the then proposed listing of the shares of Zhuhai Singyes on the market of either the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the “Proposed PRC Listing”).

Maturity date

The maturity date of the respective Secured Notes shall be the date on which the relevant holder of the Secured Notes made demand upon our Company for repayment of the relevant indebtedness pursuant to the terms of the Secured Notes. The holder of the Secured Notes shall not be entitled to make such demand unless and until the occurrence of one of the following events:

- (a) the expiration of the 30-month period following 5 July 2007, provided, however, the Proposed PRC Listing shall not have been consummated during such 30-month period;
- (b) an event of default under the Secured Notes;
- (c) the expiration of the 12-month period following 5 July 2007, provided that Zhuhai Singyes shall not have, during such 12-month period, submitted or caused the submission to the China Security Regulatory Commission of a formal application for the Proposed PRC Listing;

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- (d) a breach of the representations, warranties, covenants or obligations contained in the Note Purchase Agreement and the transaction documents contemplated therein; and
- (e) the net income of Zhuhai Singyes in 2007 does not exceed that of Zhuhai Singyes in 2006.

Interest rate

The interests payable pursuant to the Secured Notes shall comprise the two following components:

- (a) interest which accrued with respect to the unpaid principal of the respective Secured Notes commencing on 5 July 2007 at a rate equal to 3% per annum, compounded annually (the “Periodic Interest”); and
- (b) interest which accrued with respect to the principal of the respective Secured Notes commencing on 5 July 2007 at a rate equal to 8% per annum, compounded annually (subject to the adjustment below) (the “Cumulative Interest”)

The per annum rate at which the Cumulative Interest shall accrue under the Secured Notes shall be increased, retroactively to 5 July 2007 to:

- (a) 17% in the event that the Maturity Date occurs by virtue of the holder of the respective Secured Notes having made demand due to the expiration of the 12-month period following 5 July 2007, provided that Zhuhai Singyes shall not have, during such 12-month period, submitted or caused the submission to the China Security Regulatory Commission of a formal application for the Proposed PRC Listing; or
- (b) 25% in the event that the Maturity Date occurs by virtue of the holder of the respective Secured Notes having made demand due to (i) a breach of the representations, warranties, covenants or obligations contained in the Note Purchase Agreement and the transaction documents contemplated therein; or (ii) the net income of Zhuhai Singyes in 2007 does not exceed that of Zhuhai Singyes in 2006.

Special rights

Pursuant to the Note Purchase Agreement:–

- (a) each of IP Cathay and Asset & Ashe was granted the right to appoint one member of each of the board of directors of our Company and its subsidiaries (“**Boards of Directors**”);

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- (b) the composition of any committee of the Boards of Directors shall include the director appointed by IP Cathay;
- (c) VGC I shall have the right to designate one individual to attend all meetings of the Boards of Directors and all committees thereof in a non-voting observer capacity;
- (d) our Company and its subsidiaries shall obtain prior written approval of the holders of the Secured Notes representing at least two-thirds of the aggregate principal amount under all then outstanding Secured Notes before taking several corporate actions as specified in the Note Purchase Agreement; and
- (e) the Senior Lenders were entitled to certain information rights.

Save for the above, the Senior Lenders were not granted any special rights. The above special rights of the Senior Lenders have been terminated by virtue of the Agreement of Loan Assignment and the Secured Notes Restructuring Agreement.

In November 2007, as the then Directors considered Hong Kong was a more favourable market for listing, the management of our Group decided to abort its plan for the Proposed PRC Listing and commenced preparation for the Listing. No applications have been submitted to any relevant authority for the Proposed PRC Listing. Each of the holders of the Secured Notes has not made demand for repayment under the terms of the Secured Notes.

- 2) On 5 July 2007, each of SIIS Investment (No. 13), Top Prestige, China Venture as junior lenders, the Senior Lenders, Strong Eagle and our Company entered into an intercreditor agreement (“Intercreditor Agreement”) pursuant to which, among others, the SIIS Investment (No. 13) Loan, the Top Prestige Loan and the China Venture Loan were made subordinated to the Senior Loans subject to the terms and conditions contained therein.
- 3) On 5 July 2007, pursuant to the Note Purchase Agreement, Strong Eagle granted a guarantee (“Guarantee”) in favour of the Senior Lenders in respect of our Company’s indebtedness in relation to the Secured Notes under which our Company promised to pay to the Senior Lenders the aggregate principal amount of US\$8,000,000 (equivalent to approximately RMB55,700,000) plus any and all interest accrued and payable in accordance with the Secured Notes. Pursuant to the Secured Notes Restructuring Agreement, the Guarantee has been released and discharged.
- 4) On 5 July 2007, pursuant to the Note Purchase Agreement, Strong Eagle as chargor entered into the following respective charges on Shares in favour of the respective Senior Lenders (collectively, “Share Charges”) as a continuing

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security for the payment and discharge of our Company's obligations under their respective Secured Notes and Strong Eagle's obligations under the Guarantee.

- (a) a charge of shares in respect of 236,250 Shares in favour of IP Cathay as chargee dated 5 July 2007;
- (b) a charge of shares in respect of 202,500 Shares in favour of Asset & Ashe as chargee dated 5 July 2007;
- (c) a charge of shares in respect of 40,500 Shares in favour of Hua VII as chargee dated 5 July 2007;
- (d) a charge of shares in respect of 27,000 Shares in favour of VGC I as chargee dated 5 July 2007;
- (e) a charge of shares in respect of 33,750 Shares in favour of Hi-Way as chargee dated 5 July 2007;

Strong Eagle was entitled to exercise all voting rights and other benefits and rights attaching to the charged Shares unless and until the occurrence and during the continuance of a triggering event under the respective Share Charge which gives the Senior Lenders the right to serve an enforcement notice under the respective Share Charge.

Pursuant to the Secured Notes Restructuring Agreement, the Share Charges have been released and discharged.

- 5) On 18 March 2008, our Company, Hi-Way as assignor, and IP Cathay, Hua VII, and VGC I as assignees entered into the Agreement of Loan Assignment in preparation for the Listing, details of which are set out in the section headed "Further information about our Company and its subsidiaries - Reorganisation" in Appendix VI to this prospectus.
- 6) On 21 March 2008, our Company; Cathy Way, Strong Eagle, Raton Race, Cheng Zhen, Xu Wu, SIIS Investment (No. 13), New Wave, and China Venture, as transferors; and IP Cathay, Asset & Ashe, Hua VII, and VGC I, as transferees entered into the Share Transfer Agreement in preparation for the Listing, details of which are set out in the section headed "Further information about our Company and its subsidiaries - Reorganisation" in Appendix VI to this prospectus. Pursuant to the Share Transfer Agreement, it was agreed that the following transfers would take place at the consideration of approximately US\$118 (equivalent to approximately RMB814.2) per Share:
 - (a) Cathy Way would transfer 14,437 Shares to IP Cathay;

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- (b) Strong Eagle would transfer 17,764 Shares to IP Cathay, 58,866 Shares to Asset & Ashe, 13,081 Shares to Hua VII, and 8,721 Shares to VGC I;
 - (c) Raton Race would transfer 7,874 Shares to IP Cathay,
 - (d) Cheng Zhen would transfer 10,499 Shares to IP Cathay,
 - (e) Xu Wu would transfer 7,273 Shares to IP Cathay;
 - (f) SIIS Investment (No. 13) would transfer 7,272 Shares to IP Cathay,
 - (g) New Wave would transfer 3,357 Shares to IP Cathay, and
 - (h) China Venture would transfer 7,832 Shares to IP Cathay.
- 7) On 21 March 2008, our Company and the Senior Lenders entered into the Secured Notes Restructuring Agreement in preparation for the Listing, details of which are set out in the section headed “Further information about our Company and its subsidiaries – Reorganisation” in Appendix VI to this prospectus. Pursuant to the Secured Notes Restructuring Agreement, it was agreed that the following issue of Shares would take place at the price of approximately US\$118 (equivalent to approximately RMB814.2) per Share:
- (a) IP Cathay be issued with 33,642 Shares;
 - (b) Asset & Ashe be issued with 25,952 Shares;
 - (c) Hua VII be issued with 5,767 Shares; and
 - (d) VGC I be issued with 3,846 Shares.
- 8) The above share price at approximately US\$118 per Share is equivalent to approximately HK\$920.40 per Share. Upon completion of the Global Offering, IP Cathay, Asset & Ashe, Hua VII and VGC I will hold 26,893,683 Shares, 20,746,416 Shares, 4,610,206 Shares and 3,073,878 Shares respectively. The relevant effective price per Share is US\$0.48 per Share (equivalent to approximately HK\$3.74 per Share). Such effective price per Share represents a premium of approximately 240% to the Offer Price (assuming an Offer Price of HK\$1.10 per Share based on the mid-point of the indicative range of the Offer Price of HK\$1.00 to HK\$1.20).

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- 9) There were no outstanding amounts due to each of the Senior Lenders under the Secured Notes after the closing of the Share Transfer Agreement and the Secured Notes Restructuring Agreement. The following was the shareholding structure of our Company immediately after closing of the Share Transfer Agreement and the Secured Notes Restructuring Agreement:

Shareholder	Number of shares held	Approximate % to total issued share capital
Strong Eagle	801,568	53.28%
Cheng Zhen	85,501	5.68%
Xu Wu	59,223	3.94%
Raton Race	64,126	4.26%
Cathy Way	117,563	7.81%
SIIS Investment (No. 13)	59,224	3.94%
New Wave	27,334	1.82%
China Venture	63,780	4.24%
IP Cathay	109,950	7.31%
Asset & Ashe	84,818	5.64%
Hua VII	18,848	1.25%
VGC I	12,567	0.84%
Total	<u>1,504,502</u>	<u>100%</u>

The proceeds from the Fortune Ideal Loan, SIIS Investment (No. 13) Loan, Top Prestige Loan, China Venture Loan were mainly applied to our Group's restructuring in 2004, which involved the purchase of 44% interest in Zhuhai Singyes by Innofast Investments and capital injection in Zhuhai Singyes by Innofast Investments to further increase its shareholding in Zhuhai Singyes from 44% to 75%.

The proceeds from the Senior Loans were mainly applied to (i) the working capital of our Group; and (ii) our Group's acquisition of 13% interest in Weihai China.

Innofast Investments

- (a) Innofast Investments was incorporated in Hong Kong on 8 August 2001 as a limited liability company. On the day of its establishment, one share was issued to each of Harefield Limited and Fernside Limited as subscribers. Harefield Limited and Fernside Limited are Independent Third Parties.
- (b) On 10 January 2002, Harefield Limited transferred one share in Innofast Investments to Ms. Cheung Shan Hung, and Fernside Limited transferred one share in Innofast Investments to Mr. Zhou Fulin. Ms. Cheung Shan Hung and Mr. Zhou Fulin were nominees of the shareholders of Strong Eagle.

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- (c) Pursuant to an agreement dated 8 June 2004 made between Strong Eagle, Innofast Investments and the then shareholders of Innofast Investments (namely, Ms. Cheung Shan Hung and Mr. Zhou Fulin), Innofast Investments agreed to acquire 75% equity interest in Zhuhai Singyes as nominee on behalf of Strong Eagle. Ms. Cheung Shan Hung and Mr. Zhou Fulin also agreed to transfer their respective interest in Innofast Investments to Strong Eagle (or such third party as it shall direct) upon completion of the acquisition of the 75% equity interest in Zhuhai Singyes.
- (d) Pursuant to an agreement dated 10 November 2004 made between Strong Eagle and Mr. Li Huizhong, Mr. Li Huizhong agreed to acquire one share of Innofast Investments, representing 50% of the issued and paid-up share capital of Innofast Investments, and hold such share on trust for Strong Eagle. Mr. Li Huizhong further undertakes to transfer the one share in Innofast Investments to Strong Eagle (or such third party as it shall direct) in accordance with Strong Eagle's written instructions.
- (e) On 26 November 2004, Mr. Li Huizhong, acquired one ordinary share in Innofast Investments, representing 50% of the issued and paid-up share capital of Innofast Investments, from Mr. Zhou Fulin, at a consideration of HK\$1.00. As both Mr. Zhou Fulin and Mr. Li Huizhong were nominees of Strong Eagle pursuant to the agreements referred to in (c) and (d) above, the consideration was based on nominal value.
- (f) On 1 January 2005, Ms. Cheung Shan Hung and Mr. Li Huizhong transferred the entire issued and paid up share capital in Innofast Investments (comprising two ordinary shares) to our Company in accordance with the instructions of Strong Eagle at an aggregate consideration of (i) HK\$2.00 based on par value of the shares and (ii) our Company assuming the obligation to repay the various vendors for the acquisition of 44% equity interest in Zhuhai Singyes in the sum of US\$540,000 (equivalent to approximately RMB3,760,700). For details of the acquisition of 44% equity interest in Zhuhai Singyes by Innofast Investments, please refer to the paragraph headed "Zhuhai Singyes – Conversion of Zhuhai Singyes from a domestic company into a Sino-foreign equity joint venture" under this section of this prospectus. Since then, Innofast Investments became a wholly-owned subsidiary of our Company.

Zhuhai Singyes

Established as Zhuhai Special Economic Zone Singyes Glass Curtain Wall Engineering Company Limited (珠海經濟特區興業玻璃幕牆工程有限公司)

Zhuhai Singyes was established on 21 August 1995 as Zhuhai Special Economic Zone Singyes Glass Curtain Wall Engineering Company Limited (珠海經濟特區興業玻璃幕牆工程有限公司) as a limited liability company with the registered capital of RMB5,000,000 by Zhuhai Singyes Safety Glass Company Limited (珠海興業安全玻璃股份有限公司), a company incorporated in the PRC which was deregistered on 26 December 2002 ("Zhuhai Singyes Safety Glass"), and Zhuhai City Township Enterprise Union Company (珠海市鄉鎮企業聯合總公司), a

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township enterprise established in the PRC (“Zhuhai City Township Enterprise”). On establishment, Zhuhai Special Economic Zone Singyes Glass Curtain Wall Engineering Company Limited (珠海經濟特區興業玻璃幕牆工程有限公司) was held as to 80% by Zhuhai Singyes Safety Glass and 20% by Zhuhai City Township Enterprise. The scope of business of Zhuhai Special Economic Zone Singyes Glass Curtain Wall Engineering Company Limited (珠海經濟特區興業玻璃幕牆工程有限公司) then was “application and installation of various glasses” (各種玻璃的應用安裝).

During the period when Zhuhai Singyes Safety Glass was a shareholder of Zhuhai Singyes, Zhuhai Singyes Safety Glass was owned as to 25.75% by its single largest shareholder Zhuhai International Trust Investment Company (珠海國際信託投資公司) and 74.25% by a number of corporate shareholders, all of which are Independent Third Parties. Zhuhai International Trust Investment Company was a state-owned enterprise. Zhuhai Singyes Safety Glass was engaged in the business of manufacturing safety glass for road vehicle, glass products for construction use, insulated glass, special glass, glass for industrial technology and decorative glass.

During the period when Zhuhai City Township Enterprise was a shareholder of Zhuhai Singyes, it was a township enterprise which was a municipal undertaking collectively-owned enterprise (市屬集體企業) supervised by Zhuhai City State-owned Assets Administration Authority (珠海市國有資產經營管理局). Zhuhai City Township Enterprise was engaged in the business of manufacturing electronic products and domestic electrical appliances. Zhuhai City Township Enterprise was a collectively-owned enterprise.

Name changed to Zhuhai Singyes Curtain Wall Engineering Company Limited (珠海興業幕牆工程有限公司)

On 28 July 1998, the registration procedures for the change of name from Zhuhai Special Economic Zone Singyes Glass Curtain Wall Engineering Company Limited (珠海經濟特區興業玻璃幕牆工程有限公司) to Zhuhai Singyes Curtain Wall Engineering Company Limited (珠海興業幕牆工程有限公司) were completed.

Management buyout

On 23 February 2000, Zhuhai Singyes Safety Glass entered into an equity transfer agreement with twelve individuals, namely Liu Hongwei, Qian Yonggui, Guo Wenjing, Sun Jinli, Xiong Shi, Zhuo Jianming, Xie Wen, Fang Shaoqing, Zhao Jianzhou, Li Huizhong, Xu Bin and Cheng Zhen, pursuant to which Zhuhai Singyes Safety Glass agreed to transfer its 80% equity interest in Zhuhai Singyes to the twelve individuals at an aggregate consideration of RMB239,454.45. The aforesaid consideration was determined by reference to the net assets value of the company as shown in an asset valuation report (“Asset Valuation Report”) dated 20 January 2000 issued by Zhuhai Special Economic Zone Jiaxinda Accounting Company Limited (珠海經濟特區嘉信達會計師事務所有限公司).

On the same date, Zhuhai City Township Enterprise entered into an equity transfer agreement with three individuals, namely Zeng Yi, Xu Wu and Yang Piyu, pursuant to which Zhuhai City Township Enterprise agreed to transfer its 20% equity interest in Zhuhai

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Singyes to the three individuals at an aggregate consideration of RMB59,863.61. The aforesaid consideration was determined by reference to the net assets value of Zhuhai Singyes as shown in the Asset Valuation Report.

Immediately after the management buyout, the equity holding structure of Zhuhai Singyes was as follows:

Name of investor	Contribution to registered capital (RMB'000)	Ratio of equity interest
Liu Hongwei	1,150	23%
Guo Wenjing	400	8%
Qian Yonggui	400	8%
Xu Wu	400	8%
Zeng Yi	350	7%
Sun Jinli	300	6%
Xiong Shi	300	6%
Zhuo Jianming	300	6%
Xie Wen	300	6%
Fang Shaoqing	250	5%
Yang Piyu	250	5%
Zhao Jianzhou	150	3%
Li Huizhong	150	3%
Cheng Zhen	150	3%
Xu Bin	150	3%
Total	5,000	100%

Xu Wu was the chairman of the board of directors of Zhuhai Singyes Safety Glass whereas Liu Hongwei and the rest of the senior management who participated in the management buyout were members of the then senior management of Zhuhai Singyes. Save as the above, there was no relationship (business or otherwise) between (i) Liu Hongwei and each of our Group's senior management who participated in the management buyout and (ii) Zhuhai Singyes Safety Glass and Zhuhai City Township Enterprise or their predecessors. Save as the fact that Xu Wu and Xu Bin are brothers and that all of them were employed by Zhuhai Singyes, there is no relationship among the 15 individual investors who participated in the management buyout.

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The positions of the above senior management in Zhuhai Singyes (except for Xu Wu who was an employee of Zhuhai Singyes Safety Glass) prior to and after the management buyout were as follows:–

	Prior to the management buyout	After the management buyout
Liu Hongwei	General Manager	Chairman of the board and General Manager
Guo Wenjing	Business Manager	Director
Qian Yonggui	Chairman of the Board	Director
Xu Wu	Chairman of the Board of Zhuhai Singyes Safety Glass	Director
Zeng Yi	Project Manager	Vice-General Manager of the board
Sun Jinli	Project Manager	Vice-General Manager of the board
Xiong Shi	Project Manager	Vice-General Manager of the board
Zhou Jianming	Project Manager	Vice-General Manager of the board
Xie Wen	Project Manager	Vice-General Manager of the board
Fang Shaoqing	Operation Manager	Director
Yang Piyu	Finance Manager	Finance Manager
Zhao Jianzhou	Procurement Manager	Procurement Manager
Li Huizhong	Project Manager	Administration Manager
Cheng Zhen	Project Manager	Project Manager
Xu Bin	Merchandising Manager	Merchandising Manager

Increase in registered capital

On 26 May 2000, the registration procedures for the increase in the registered capital of Zhuhai Singyes from RMB5,000,000 to RMB10,050,000 were completed. The increase in the amount of RMB5,050,000 was paid by the then shareholders of the company in proportion to their equity interests in the company. According to a Capital Verification Report dated 22 May 2000 issued by Zhuhai Yonganda Accounting Firm (珠海永安達會計師事務所), the increase in the registered capital of Zhuhai Singyes had been paid up in full.

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Change of scope of business

On 26 May 2000, the scope of business of Zhuhai Singyes was changed to “application and installation of various glasses; Grade B for construction curtain wall engineering work; wholesale and retail: building materials, aluminium alloy doors and windows; consulting services”.

Further equity transfers

On 30 October 2002, the following equity transfer agreements were entered into:

- (1) Yang Piyu and Sun Jinli entered into an equity transfer agreement, pursuant to which Yang Piyu agreed to transfer her 5% interest in the then registered capital of Zhuhai Singyes to Sun Jinli at a consideration of RMB502,500 (representing 5% of the then registered capital of Zhuhai Singyes).
- (2) Qian Yonggui and Cheng Zhen entered into an equity transfer agreement, pursuant to which Qian Yonggui agreed to transfer 3% interest in the then registered capital of Zhuhai Singyes to Cheng Zhen at a consideration of RMB301,500 (representing 3% of the then registered capital of Zhuhai Singyes).
- (3) Qian Yonggui and Liu Hongwei entered into an equity transfer agreement, pursuant to which Qian Yonggui agreed to transfer 2% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB201,000 (representing 2% of the then registered capital of Zhuhai Singyes).
- (4) Qian Yonggui and Jing Renying entered into an equity transfer agreement, pursuant to which Qian Yonggui agreed to transfer 3% interest in the then registered capital of Zhuhai Singyes to Jing Renying at a consideration of RMB301,500 (representing 3% of the then registered capital of Zhuhai Singyes).

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Following the above equity transfers, the equity holding structure of Zhuhai Singyes was as follows:

Name of investor	Contribution to registered capital (RMB'000)	Ratio of equity interest
Liu Hongwei	2,512.5	25%
Sun Jinli	1,105.5	11%
Xu Wu	804.0	8%
Guo Wenjing	804.0	8%
Zeng Yi	703.5	7%
Xiong Shi	603.0	6%
Cheng Zhen	603.0	6%
Zhuo Jianming	603.0	6%
Xie Wen	603.0	6%
Fang Shaoqing	502.5	5%
Jing Renying	301.5	3%
Zhao Jianzhou	301.5	3%
Li Huizhong	301.5	3%
Xu Bin	301.5	3%
Total	10,050	100%

Change in scope of business

On 11 November 2002, the registration procedures for the change of scope of business of Zhuhai Singyes to “application and installation of various glasses; Level 1 Contracting for Construction of Curtain Wall Projects; wholesale and retail; building materials, aluminium alloy doors and windows” were completed.

Further change in scope of business

On 2 June 2003, the registration procedures for the change of scope of business of Zhuhai Singyes to “application and installation of various glasses; Level 1 Contracting for Construction of Curtain Wall Projects; Level 1 Contracting for Metal Doors and Windows Projects; Level 2 Contracting for Steel Structure Projects (point-restricted steel structure); Level 3 Contracting for Construction of Renovation and Decoration Projects; Class A Project Design for Curtain Wall Projects (valid until 18 February 2005); manufacture and sale of aluminium alloy doors and windows and glass curtain walls; wholesale and retail of building materials” were completed.

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Further equity transfers

On 8 April 2004, the following equity transfer agreements were entered into:

- (1) Guo Wenjing and Liu Hongwei entered into an equity transfer agreement, pursuant to which Guo Wenjing agreed to transfer her 8% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB804,000 (representing 8% of the then registered capital of the Zhuhai Singyes).
- (2) Zeng Yi and Liu Hongwei entered into an equity transfer agreement, pursuant to which Zeng Yi agreed to transfer his 7% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB703,500 (representing 7% of the then registered capital of Zhuhai Singyes).
- (3) Xu Bin and Liu Hongwei entered into an equity transfer agreement, pursuant to which Xu Bin agreed to transfer his 3% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB301,500 (representing 3% of the then registered capital of Zhuhai Singyes).
- (4) Cheng Zhen and Liu Hongwei entered into an equity transfer agreement, pursuant to which Cheng Zhen agreed to transfer his 3% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB301,500 (representing 3% of the then registered capital of Zhuhai Singyes).
- (5) Zhao Jianzhou and Liu Hongwei entered into an equity transfer agreement, pursuant to which Zhao Jianzhou agreed to transfer his 3% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB301,500 (representing 3% of the then registered capital of Zhuhai Singyes).
- (6) Fang Shaoqing and Liu Hongwei entered into an equity transfer agreement, pursuant to which Fang Shaoqing agreed to transfer his 5% interest in the then registered capital of Zhuhai Singyes to Liu Hongwei at a consideration of RMB502,500 (representing 5% of the then registered capital of Zhuhai Singyes).
- (7) Liu Hongwei and Tang Tao entered into an equity transfer agreement, pursuant to which Liu Hongwei agreed to transfer his 6% interest in the then registered capital of Zhuhai Singyes to Tang Tao at a consideration of RMB3,000,000.

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Following the above equity transfers, the equity holding structure of Zhuhai Singyes was as follows:

Name of investor	Contribution to registered capital (RMB'000)	Ratio of equity interest
Liu Hongwei	4,824.0	48%
Sun Jinli	1,105.5	11%
Xu Wu	804.0	8%
Xiong Shi	603.0	6%
Zhuo Jianming	603.0	6%
Xie Wen	603.0	6%
Tang Tao	603.0	6%
Jing Renying	301.5	3%
Cheng Zhen	301.5	3%
Li Huizhong	301.5	3%
Total	10,050.0	100%

Conversion of Zhuhai Singyes from a domestic company into a Sino-foreign equity joint venture

On 22 October 2004, the registration procedures for the transfer of an aggregate 44% equity interest in Zhuhai Singyes held by nine individuals, namely Xu Wu, Xie Wen, Xiong Shi, Zhuo Jianming, Tang Tao, Cheng Zhen, Li Huizhong, Jing Renying and Sun Jinli to Innofast Investments were completed.

Zhuhai Gongxin Accounting Firm (珠海公信會計師事務所) issued an asset valuation report in respect of Zhuhai Singyes on 15 May 2004. According to the report, the net assets value of the company as of 30 September 2003 was RMB10,262,897.97.

Innofast Investments as transferees entered into equity transfer agreements with the above-mentioned individuals as transferors on 17 June 2004 pursuant to which these transferors agreed to transfer an aggregate 44% equity interest in Zhuhai Singyes held by them to Innofast Investments at a consideration of approximately US\$540,000 (equivalent to approximately RMB3,760,700). The consideration was arrived at after taking into account the valuation of Zhuhai Singyes' net assets value as at 20 September 2003 prepared by Zhuhai Economic Gongxin Accounting Firm (珠海公信會計師事務所).

The above equity transfers were approved by the Ministry of Commerce of the PRC on 13 October 2004 by an approval document numbered Shang Zi Pi [2004] No. 1491 (商資批[2004]1491號文). On 14 October 2004, the said ministry issued a Certificate of Approval of the PRC for Enterprises Invested by Taiwan, Hong Kong and Macau Entities and/or Individuals (Shang Wai Zi Zi Shen A Zi [2004] No. 0161) ("Certificate of Approval").

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The consideration for the acquisition of the equity interest has been paid up in full by Innofast Investments.

Increase in registered capital

On 22 October 2004, the registration procedures for the increase in the registered capital of Zhuhai Singyes by US\$1,500,000 (equivalent to approximately RMB10,446,400) were completed. As evidenced by the Capital Verification Report dated 15 December 2004 by Zhuhai Gongxin Accounting Company Limited, the increased registered capital had been paid in full by Innofast Investments in cash.

The above was approved by the Ministry of Commerce of the PRC on 13 October 2004.

Following the aforesaid, Zhuhai Singyes became a sino-foreign equity joint venture. The registered capital of Zhuhai Singyes was increased to US\$2,720,000 (equivalent to approximately RMB18,942,900). The equity holding structure of Zhuhai Singyes following the completion of these steps was as follows:

Name of shareholder	Contribution to registered capital (US\$'000)	Ratio of equity interest
Innofast Investments	2,040.0	75%
Liu Hongwei	582.9	21.4305%
Sun Jinli	97.1	3.5695%
Total	<u>2,720.0</u>	<u>100%</u>

Further increase in registered capital

On 17 March 2008, the registration procedures for the increase in the registered capital of Zhuhai Singyes from US\$2,720,000 (equivalent to approximately RMB18,942,900) to US\$8,000,000 (equivalent to approximately RMB55,700,000) were completed. The increase of US\$5,280,000 (equivalent to approximately RMB36,771,400) was to be paid by Innofast Investments, Liu Hongwei and Sun Jinli according to the proportion of their respective capital contribution in Zhuhai Singyes. The increase in capital was approved by Department of Foreign Trade and Economic Cooperation of Guangdong Province on 6 January 2008. As evidenced by the Capital Verification Report dated 4 March 2008 by Zhuhai Heng Fu Accounting Company Limited, as at 29 February 2008, the paid-up capital of Zhuhai Singyes was US\$4,500,000 (equivalent to approximately RMB31,339,300). A board resolution was passed on 18 June 2008 that the capital of Zhuhai Singyes was to be fully paid up by 7 March 2010.

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Such arrangement was also approved by the Department of Foreign Trade and Economic Cooperation of Guangdong Province on 23 June 2008. As at the Latest Practicable Date, the equity holding structure of Zhuhai Singyes is as follows:

Name of shareholder	Required contribution to registered capital (US\$'000)	Ratio of equity interest
Innofast Investments	6,000.0	75%
Liu Hongwei	1,714.4	21.4305%
Sun Jinli	285.6	3.5695%
Total	8,000.0	100%

Arrangements between Liu Hongwei and Sun Jilin with Innofast Investments

According to the Article 15 of the Regulations on Administration of Foreign-Invested Construction Enterprises (《外商投資建築業企業管理規定》), wholly foreign-owned construction enterprises may only undertake the following types of construction projects within the scope of their qualifications:

- (1) Construction projects funded totally by foreign investments, foreign grants or foreign investments and grants;
- (2) Construction projects financed by international financial organisations and awarded through international tendering process in accordance with the provisions of the loan agreement;
- (3) Sino-foreign joint construction projects where the foreign investment is equal to or more than 50%; Sino-foreign joint construction projects where the foreign investment is less than 50% but which the local Chinese construction enterprises could not undertake independently due to technical difficulties subject to the approval of the construction administration departments of the people's government of provinces, or autonomous regions or directly administered municipalities; and
- (4) Chinese-invested construction projects which the local Chinese construction enterprises could not undertake independently due to technical difficulties. Such projects may be jointly undertaken by the local Chinese and wholly foreign-owned construction enterprises subject to the approval of the construction administration departments of the people's government of provinces, or autonomous regions or directly administered municipalities.

According to the aforesaid regulation, the scope of projects which can be undertaken by wholly foreign-owned construction enterprises is limited, whereas there is no such limitation for a sino-foreign joint venture. According to Article 12 of Regulations on Administration of Foreign-Invested Construction Enterprises (《外商投資建築業企業管理規定》), the total capital

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contribution of the Chinese party to a sino-foreign equity construction joint venture or a sino-foreign cooperative construction enterprise shall not be less than 25% of the registered capital.

As confirmed by our PRC legal advisors, in order to avoid the restriction on the scope of projects which Zhuhai Singyes could undertake according to the Regulations on Administration of Foreign-Invested Construction Enterprises (《外商投資建築業企業管理規定》), at the time when 75% equity interest in Zhuhai Singyes was acquired by Innofast Investments as the foreign party in 2004, Zhuhai Singyes was intended to be a sino-foreign equity joint venture with 25% registered capital contributed by Mr. Liu Hongwei and Mr. Sun Jinli as the Chinese parties.

Pursuant to the articles of association of Zhuhai Singyes, the after-tax profits of Zhuhai Singyes, after making provisions for the mandatory funds as required under PRC law and subject to the approval by its board of directors, shall be distributed to its three shareholders as follows: (1) Mr. Liu Hongwei and Mr. Sun Jinli shall together be entitled to an annual fixed profit distribution in the amount of RMB100,000; and (2) the remaining profits shall be enjoyed by Innofast Investments. Our PRC legal advisors have confirmed that after-tax profits of Zhuhai Singyes should be distributed in accordance with the articles of association of Zhuhai Singyes. As confirmed by our PRC legal advisors, the above profit distribution arrangement under the articles of association of Zhuhai Singyes and the shareholding proportion of Zhuhai Singyes have remained the same throughout the Track Record Period.

Pursuant to a letter of undertaking dated 10 December 2004 provided by Mr. Liu Hongwei and Mr. Sun Jinli in favour of Innofast Investments, the parties have agreed that once the PRC regulations that restrict on the types of projects that can be undertaken by wholly foreign owned enterprises become ineffective, Mr. Liu Hongwei and Mr. Sun Jinli shall transfer the remaining 25% of the equity interest in Zhuhai Singyes held by them to Innofast Investments for a consideration based on an independent valuation. Our PRC legal advisors have confirmed that the aforesaid undertaking is legal and enforceable under PRC law. In the event that our Group shall be entitled to acquire the said 25% equity interest in Zhuhai Singyes from Mr. Liu Hongwei and Mr. Sun Jinli, we shall comply with all applicable requirements under Chapter 14 and/or 14A of the Listing Rules.

Pursuant to a letter of undertaking dated 20 June 2005 provided by Mr. Liu Hongwei and Mr. Sun Jinli in favour of Zhuhai Singyes, Mr. Liu Hongwei and Mr. Sun Jinli have agreed that upon receipt of the consideration from Innofast Investments in respect of the said 25% equity interest as referred to their undertaking dated 10 December 2004 and as mentioned in the preceding paragraph above, they will pay by way of a gift such consideration to Zhuhai Singyes after deducting their respective initial capital contribution in Zhuhai Singyes. Our PRC legal advisors have opined that the said letter of undertaking is legal and enforceable under PRC law.

In accordance with the articles of association of Zhuhai Singyes, in the event of liquidation of Zhuhai Singyes, its remaining assets, after its debts and outstanding liabilities are fully repaid and discharged, will be distributed to its shareholders according to the proportion of the shareholders' capital contribution. Pursuant to a letter of undertaking dated 8 August 2008 provided by Mr. Liu Hongwei and Mr. Sun Jinli in favour of Innofast Investments, each of Mr. Liu Hongwei and Mr. Sun Jinli has irrevocably undertaken to give

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up his respective entitlement to the distribution of assets upon liquidation of Zhuhai Singyes save for his respective initial capital contribution in Zhuhai Singyes, such that the remaining shareholder, being Innofast Investments, would be entitled to all of the remaining assets upon liquidation of Zhuhai Singyes. Our PRC legal advisors have advised that the said letter of undertaking is legal and enforceable under PRC law.

Our Directors confirm that (i) the 25% equity interests of Zhuhai Singyes held by Mr. Liu Hongwei and Mr. Sun Jinli were not financed by our Group; and (ii) Mr. Liu Hongwei and Mr. Sun Jinli were not entitled to any consideration in connection with their entering into the letters of undertaking dated 10 December 2004, 20 June 2005 and 8 August 2008. Given that (i) such profit distribution amount is a fixed sum; (ii) the undertaking to transfer the 25% equity interest in Zhuhai Singyes to our Group; (iii) the consideration to be received in respect of such transfer will be paid by way of a gift to Zhuhai Singyes; (iv) Mr. Liu Hongwei and Mr. Sun Jinli are to give up their entitlements to the distribution of assets upon liquidation of Zhuhai Singyes save for their respective initial capital contribution in Zhuhai Singyes; and (v) Mr. Liu Hongwei's and Mr. Sun Jinli's benefits derived from their respective interests in Zhuhai Singyes are fixed, our Directors confirm that there would not be any significant conflict between the personal interest of Mr. Liu Hongwei and Mr. Sun Jinli and the interest of the Shareholders as a whole in light of their dual shareholdings (and Mr. Liu Hongwei's dual directorship) in and their different proportion of economic interests derived from the Company and Zhuhai Singyes.

Mr. Liu Hongwei and Mr. Sun Jinli, being our Controlling Shareholders and executive Directors, were willing to accept the profit distribution arrangement and the undertakings in connection with their shareholdings in Zhuhai Singyes because they believed that the seeming loss arising from these arrangements may be compensated by the benefit of the further investment made by financial investors to our Company. Our Directors confirm that our Group or any other party has not provided and will not provide any compensation in any form to Mr. Liu Hongwei and Mr. Sun Jinli in this regard.

Further changes in scope of business

On 16 August 2005, the PRC Ministry of Construction issued an Engineering Design Certificate (工程設計證書) to Zhuhai Singyes, which certificate evidenced the possession by Zhuhai Singyes of the qualification of Class A Project Design for Curtain Wall Projects (建築幕牆專項工程設計甲級).

The change of the scope of business of Zhuhai Singyes to “application and installation of various glasses; Level 1 Contracting for Construction of Curtain Wall Projects; Level 1 Contracting for Metal Doors and Windows Projects; Level 2 Contracting for Steel Structure Projects (point-restricted steel structure); Level 3 Contracting for Construction of Renovation and Decoration Projects; Class A Project Design for Curtain Wall Projects; manufacture and sale of aluminium alloy doors and windows and glass curtain walls” was approved by the Guangdong Foreign Trade and Economic Cooperation Department (“Guangdong BOFTEC”) on 26 March 2007 by an approval document numbered Yue Wai Jing Mao Zi Han [2007] No. 316 (粵外經貿資函[2007]316號), and a Certificate of Approval of the PRC for Enterprises

HISTORY, REORGANISATION AND GROUP STRUCTURE

Invested by Taiwan, Hong Kong and Macau Entities and/or Individuals (Shang Wai Zi Yue He Zi Zheng Zi [2007] No.0036) (商外資粵合資證字[2007]0036號) was issued by the Guangdong Provincial People's Government on 9 April 2007.

On 30 November 2007, the registration procedures for the further change of the scope of business of Zhuhai Singyes to “design, manufacture and installation of curtain wall work, metal door and window work, steel structure work, furnishment and decoration work; manufacture and sale of high-grade environmental decoration and maintenance materials (without dangerous chemicals) and thin-film PV panels” were completed.

The above change was approved by the Guangdong BOFTEC on 25 September 2007 by an approval document numbered Yue Wai Jing Mao Zi Han [2007] No. 1546 (粵外經貿資函[2007]1546號), and for such purposes, the Guangdong Provincial People's Government on 27 September 2007 re-issued a Certificate of Approval of the PRC for Enterprises Invested by Taiwan, Hong Kong and Macau Entities and/or Individuals (Shang Wai Zi Yue He Zi Zheng Zi [2007] No. 0036) (商外資粵合資證字[2007]0036號) to Zhuhai Singyes.

Singyes Renewable Energy

Singyes Renewable Energy was established as a Sino-foreign equity joint venture with the registered capital of US\$2,500,000 (equivalent to approximately RMB17,410,700) by Zhuhai Singyes and Innofast Investments on 11 October 2007. The scope of business of Singyes Renewable Energy is “research and development of technologies relating to the utilization of solar energy and wind energy and the related technical services”.

Innofast Investments and Zhuhai Singyes hold a 75% and a 25% equity interest in Singyes Renewable Energy respectively.

According to a capital verification report issued by Zhuhai Hengfu Accounting Company Limited (珠海衡賦會計師事務所有限公司) on 30 January 2008, the registered capital of Singyes Renewable Energy had been paid up in full by 15 January 2008.

Approval of the establishment of Singyes Renewable Energy was granted by the Zhuhai Foreign Trade and Economic Cooperation Bureau on 28 September 2007 by an approval document numbered Zhu Wai Jing Mao Zi [2007] No. 842 (珠外經貿資[2007]842號). The Zhuhai People's Government issued the Certificate of Approval of the PRC for enterprises Invested by Taiwan, Hong Kong and Macau Entities and/or Individuals (Shang Wai Zi Yue Zhu He Zi Zheng Zi [2007] No. 0059) (商外資粵珠合資證字[2007] 0059號).

There has been no change in the equity holding structure of Singyes Renewable Energy since its establishment.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Other Investments

Our Group has made equity investments in two companies, namely Guizhou Curtain Wall and Weihai China.

Guizhou Curtain Wall

Guizhou Curtain Wall was established as a limited liability company with the registered capital of RMB6,200,000 by Zhuhai Singyes and Guizhou Jiangong Group, a state-owned company established in the PRC, on 26 March 2003. Guizhou Jiangong Group is an Independent Third Party.

The scope of business of the company is “construction curtain wall work (to be carried out according to the provisions of the Construction Department (of Guizhou Province))”.

Zhuhai Singyes had contributed RMB3,038,000 and Guizhou Jiangong Group had contributed RMB3,162,000 to the registered capital of Guizhou Curtain Wall respectively and they held 49% and 51% in the equity interest in Guizhou Curtain Wall, respectively.

On 29 March 2003, Zhuhai Singyes and Guizhou Jiangong Group entered into a letter of intent for the transfer of equity interest in Guizhou Curtain Wall (“Guizhou Curtain Wall Letter”) whereby Zhuhai Singyes has agreed to transfer its 49% equity interest in Guizhou Curtain Wall to Guizhou Jiangong Group for the sum of RMB3,038,000 which sum was fully paid by Guizhou Jiangong Group to Zhuhai Singyes on 31 March 2003. The aforesaid consideration was based on the initial registered capital contribution by Zhuhai Singyes.

It was agreed pursuant to the Guizhou Curtain Wall Letter that Zhuhai Singyes would hold the aforesaid 49% interest in Guizhou Curtain Wall on behalf of Guizhou Jiangong Group; that all ownership rights of Zhuhai Singyes in Guizhou Curtain Wall would be transferred to Guizhou Jiangong Group; that Zhuhai Singyes would not participate in the management of Guizhou Curtain Wall and that Zhuhai Singyes’ representative on the board of Guizhou Curtain Wall would act according to the instructions of Guizhou Jiangong Group after 29 March 2003.

Under the then applicable PRC Company Law, a company with limited liability established in the PRC, except exclusively stated-owned enterprise, must have at least two shareholders. Our Group intended to develop business in Guizhou Province of the PRC in which Guizhou Jiangong Group has established good business network. With a view to maintaining and enhancing the business relationship with Guizhou Jiangong Group, Zhuhai Singyes assisted Guizhou Jiangong Group to fulfill this requirement by holding the 49% equity interest in Guizhou Curtain Wall on its behalf. No written agreement was entered into between the parties at that time. Shortly after Guizhou Curtain Wall was established, the prior arrangement that Zhuhai Singyes was to hold the 49% equity interest in Guizhou Curtain Wall was reduced into writing as the Guizhou Curtain Wall Letter on 29 March 2003. Pursuant to the Guizhou Curtain Wall Letter, prior to the execution of a formal equity transfer agreement and prior to the completion of the relevant registration procedure in relation to the equity transfer, Zhuhai Singyes was to hold the 49% equity interest in Guizhou Curtain Wall on behalf of Guizhou Jiangong Group, while the underlying rights and

HISTORY, REORGANISATION AND GROUP STRUCTURE

benefits in such 49% equity interest in Guizhou Curtain Wall belonged to Guizhou Jiangong Group. On 29 March 2003, Mr. Liu Hongwei and Mr. Xie Wen, being representatives of Zhuhai Singyes in Guizhou Curtain Wall, also ceased to have directorships in Guizhou Curtain Wall. On 15 May 2008, Zhuhai Singyes and Guizhou Jiangong Group entered into the equity transfer agreement to formally document the transfer of 49% equity interest in Guizhou Curtain Wall from Zhuhai Singyes to Guizhou Jiangong Group. The relevant registration procedure at the local authority was completed on 29 May 2008, by which time the relevant PRC Company Law has been amended such that a company with limited liability established in the PRC can be wholly-owned by one shareholder. As advised by our PRC legal advisors, the arrangements between Zhuhai Singyes and Guizhou Jiangong Group regarding Zhuhai Singyes holding 49% interest in Guizhou Curtain Wall on behalf of Guizhou Jiangong Group are legal.

Our PRC legal advisors have confirmed that our Group has had no further interest in Guizhou Curtain Wall since the Guizhou Curtain Wall Letter was signed on 29 March 2003.

Weihai China

Weihai China was established as a sino-foreign equity joint venture with the registered capital of US\$10,000,000 (equivalent to approximately RMB69,642,900) by Bluestar Glass, Terra Solar and Cameste on 3 February 2005.

At the time of its establishment, Weihai China was held as to 67% by Bluestar Glass, 20% by Terra Solar and 13% by Cameste.

The initial scope of business of Weihai China was “manufacture of thin-film CIGS PV panels (銅銦鎵硒光伏電池模塊) and a-Si PV panels (非晶硅光伏電池模塊), research and development of new products and self-sale of the products.” On 29 February 2008, Weihai China extended its scope of business to cover “manufacture of thin-film CIGS PV panels (銅銦鎵硒光伏電池模塊) and a-Si PV panels (非晶硅光伏電池模塊), research and development of PV Application Systems including BIPV, PV water pumping (光伏水泵), PV sea water desalination (光伏海水淡化), PV desert renovation (光伏沙漠治理), PV water purification system (光伏污水淨化系統) and solar lighting system (太陽能燈具系統), etc.; research and development of new products and technologies.”

On 27 May 2005, Bluestar Glass as transferor and Zhuhai Singyes as transferee entered into a share transfer agreement pursuant to which 20% interests in Weihai China was to be transferred from Bluestar Glass to Zhuhai Singyes. The relevant transfer of 20% interests in Weihai China had not been completed. According to the letter of intent dated 8 January 2008 between Bluestar Glass, Cameste, Zhuhai Singyes and our Company, it was agreed that the 20% interests in Weihai China being the subject matter of the above share transfer agreement dated 27 May 2005 be amended to 7% interests in Weihai China, and that the transfer of 7% interests in Weihai China from Bluestar Glass to Zhuhai Singyes be subject to the conditions contained therein. As advised by our PRC legal advisors, Zhuhai Singyes is not obliged to proceed with the acquisition of the 7% in Weihai China. Currently, Zhuhai Singyes has no plan to acquire the 7% interests in Weihai China.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 27 April 2007, Terra Solar agreed to transfer 10% equity interest in Weihai China to Renewable Energy Solutions Inc., a company incorporated in the United States (“RESI”) and 10% equity interest in Weihai China to Solar Thin Films Inc., a company incorporated in the United States (“STFI”).

On 15 October 2007, our Company entered into an agreement with Cameste whereby our Company has agreed to acquire 13% equity interest in Weihai China from Cameste for US\$1,300,000 (equivalent to approximately RMB9,053,600) which consideration was based on 13% of the registered capital of Weihai China.

As at the Latest Practicable Date, Cameste has no past or present relationship with our Group, its directors, shareholders, senior management or their respective associates.

After the aforesaid transfers, Bluestar Glass, RESI, STFI and our Company hold 67%, 10%, 10% and 13% equity interest in Weihai China respectively. Each of Bluestar Glass, RESI, and STFI is an Independent Third Party.

REORGANISATION

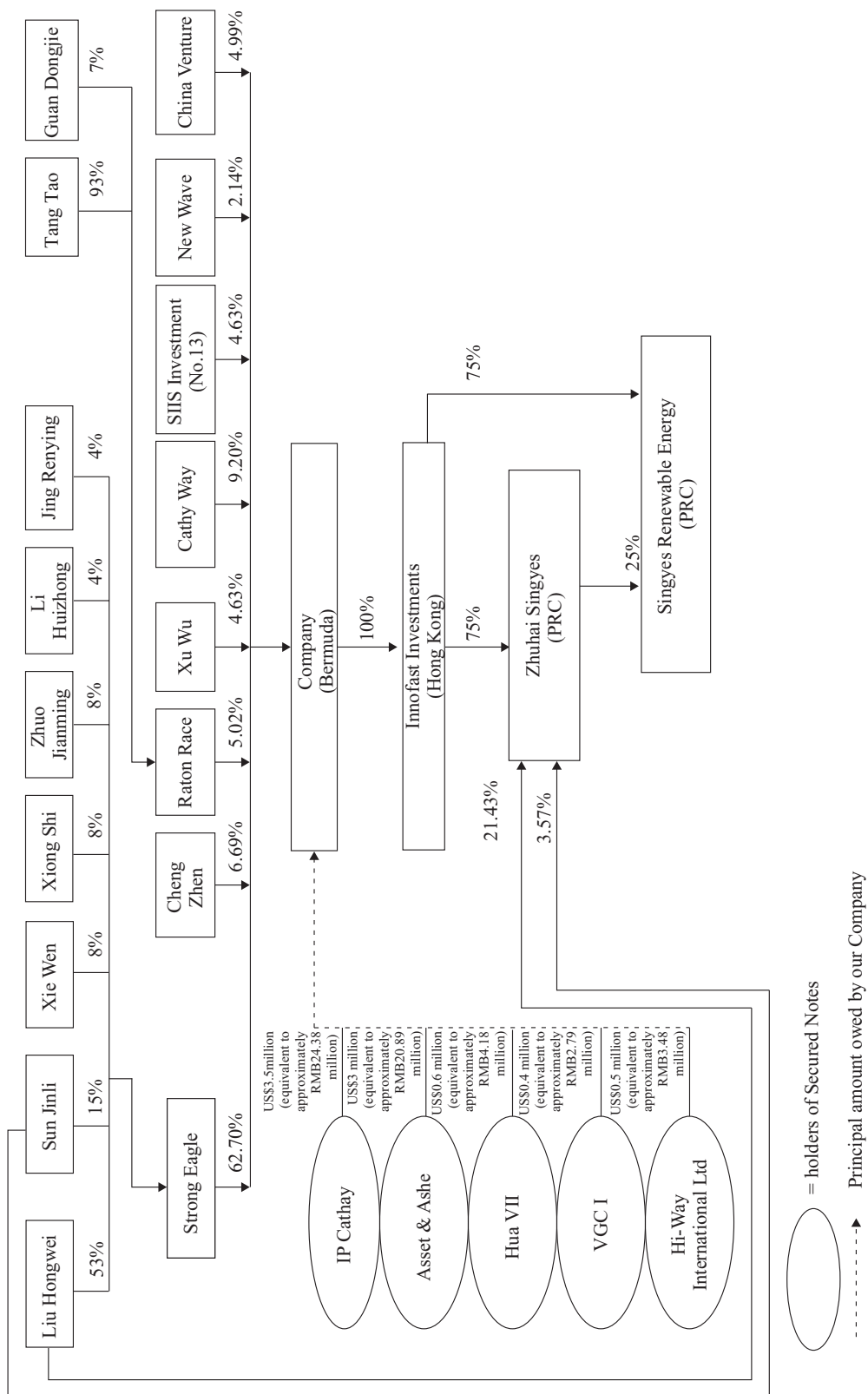
In March 2008, the companies comprising our Group commenced the Reorganisation in preparation for the Listing, which involved:

- (a) our Company entering into the Agreement of Loan Assignment with Hi-Way, as assignor and IP Cathay, Hua VII and VGC I as assignees, pursuant to which the Hi-Way Secured Note was cancelled and the New Notes were issued;
- (b) our Company entering into the Share Transfer Agreement with Cathy Way, Strong Eagle, Raton Race, Cheng Zhen, Xu Wu, SIIS Investment (No.13), New Wave, and China Venture, as transferors; and IP Cathay, Asset & Ashe, Hua VII, and VGC I, as transferees pursuant to which the aforesaid transferors have transferred in aggregate 156,976 Shares to the aforesaid transferees;
- (c) our Company entering into the Secured Note Restructuring Agreement to capitalize on the Secured Notes and the New Notes, and to release all related security documents provided in favour of the Senior Lenders in relation to the Note Purchase Agreement.

For further details of the Reorganisation, see the section headed “Further information about our Company and its subsidiaries - Reorganisation” in Appendix VI to this prospectus.

HISTORY, REORGANISATION AND GROUP STRUCTURE

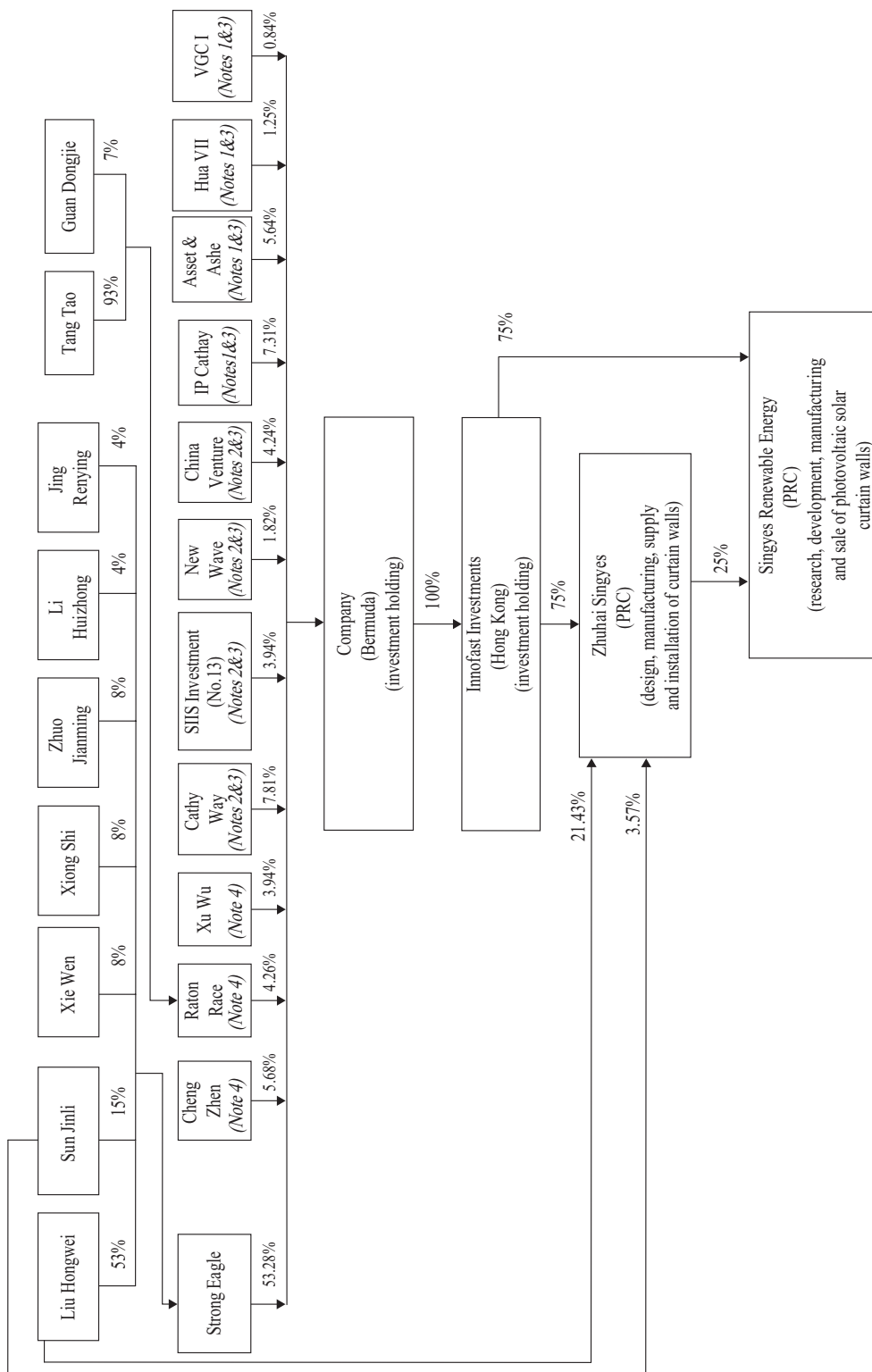
Our group structure immediately prior to the Reorganisation was as follows:



HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE STRUCTURE

The following chart sets out our group structure after the Reorganisation but immediately before the Global Offering:



HISTORY, REORGANISATION AND GROUP STRUCTURE

Note 1: Pursuant to the Share Transfer Agreement and the Secured Notes Restructuring Agreement, each of IP Cathay, Asset & Ashe, Hua VII, and VGC I represents, warrants and undertakes to our Company, and to the Global Coordinator that at any time prior to the expiration of the six-month period following the date on which dealing in Shares first commence on the Stock Exchange (“Lock Up Period”), it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for himself/itself shall not, without the prior written consent of the Global Coordinator and our Company, directly or indirectly (1) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the its aforesaid Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities; or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in points (1) and (2) above; or (4) announce any intention to enter into or effect any of the transactions referred to in points (1), (2) or (3) above. In addition, each of IP Cathay, Asset & Ashe, Hua VII, and VGC I has agreed to place its aforesaid Shares with an independent escrow agent until the end of the aforesaid Lock Up Period. The escrow arrangement cannot be changed unless with the prior consent of the Shareholder concerned, namely IP Cathay, Asset & Ashe, Hua VII, or VGC I (as the case may be), our Company and the escrow agent.

As each of Hua VII, and VGC I holds less than 10% of the total issued share capital of the Company upon Listing and is not an associate of any connected person of the Company, each of them is not a connected person of the Company under the Listing Rules. Moreover, the Shares held by each of Hua VII, and VGC I have not been financed directly or indirectly by any connected person of the Company; and each of Hua VII, and VGC I is not accustomed to take instructions from any connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in its name or otherwise held by it, the Shares held by each of Hua VII, and VGC I will be considered as Shares held by the public for the purpose of Rule 8.08 of the Listing Rules.

Although each of Asset & Ashe and IP Cathay holds less than 10% of the total issued share capital of the Company upon Listing and is not an associate of any connected person of the Company and that each of them is not a connected person of the Company under the Listing Rules, both Asset & Ashe and IP Cathay are accustomed to take instructions respectively from Mr. Lin Xiaofeng (General Manager of Asset & Ashe) and Mr. Shi Yu (Partner of iD Techventures Ltd. which is the advisory company of IP Cathay) (both being non-executive Directors of the Company) in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in their name or otherwise held by them. According to Rule 8.24 of the Listing Rules, the Shares held by each of Asset & Ashe and IP Cathay will not be considered as Shares held by the public for the purpose of Rule 8.08 of the Listing Rules.

Note 2: The Shares held by each of Cathy Way, SIIS Investment (No. 13), New Wave and China Venture on the date of Listing are subject to a three-month lock-up period after the Listing in favour of our Company and the Global Coordinator. As each of Cathy Way, SIIS Investment (No.13), New Wave and China Venture holds less than 10% of the total issued share capital of the Company upon Listing and is not an associate of any connected person of the Company, each of them is not a connected person of the Company under the Listing Rules. Moreover, the Shares held by each of Cathy Way, SIIS Investment (No.13), New Wave and China Venture have not been financed directly or indirectly by any connected person of the Company and each of them is not accustomed to take instructions from any connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in its name or otherwise held by it. Accordingly, the Shares held by each of Cathy Way, SIIS Investment (No.13), New Wave and China Venture will be considered as Shares held by the public for the purpose of Rule 8.08 of the Listing Rules.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Note 3: Hua VII and VGC I are both managed by Vincera Capital Management Co. Limited (“Vincera Group”). Asset Managers International Co. Ltd., which holds approximately 25% indirect interest in Cathy Way, is wholly owned by Asset Managers Holdings Co. Ltd. Asset Managers Holdings Co. Ltd. also holds 320 participating shares in Asset & Ashe. Save for the aforesaid, each of Cathy Way, SIIS Investment (No. 13), New Wave, China Venture, IP Cathay, Asset & Ashe and Vincera Group is independent from each other.

Note 4: The Shares held by each of Cheng Zhen, Raton Race and Xu Wu on the date of Listing are subject to a three-month lock-up period after the Listing in favour of our Company and the Global Coordinator.

CAPITALISATION ISSUE

On 19 December 2008, our Company increased its authorised share capital from US\$15,045.02 divided into 1,504,502 Shares of US\$0.01 each to US\$12,000,000 divided into 1,200,000,000 Shares of US\$0.01 each by the creation of additional 1,198,495,498 Shares.

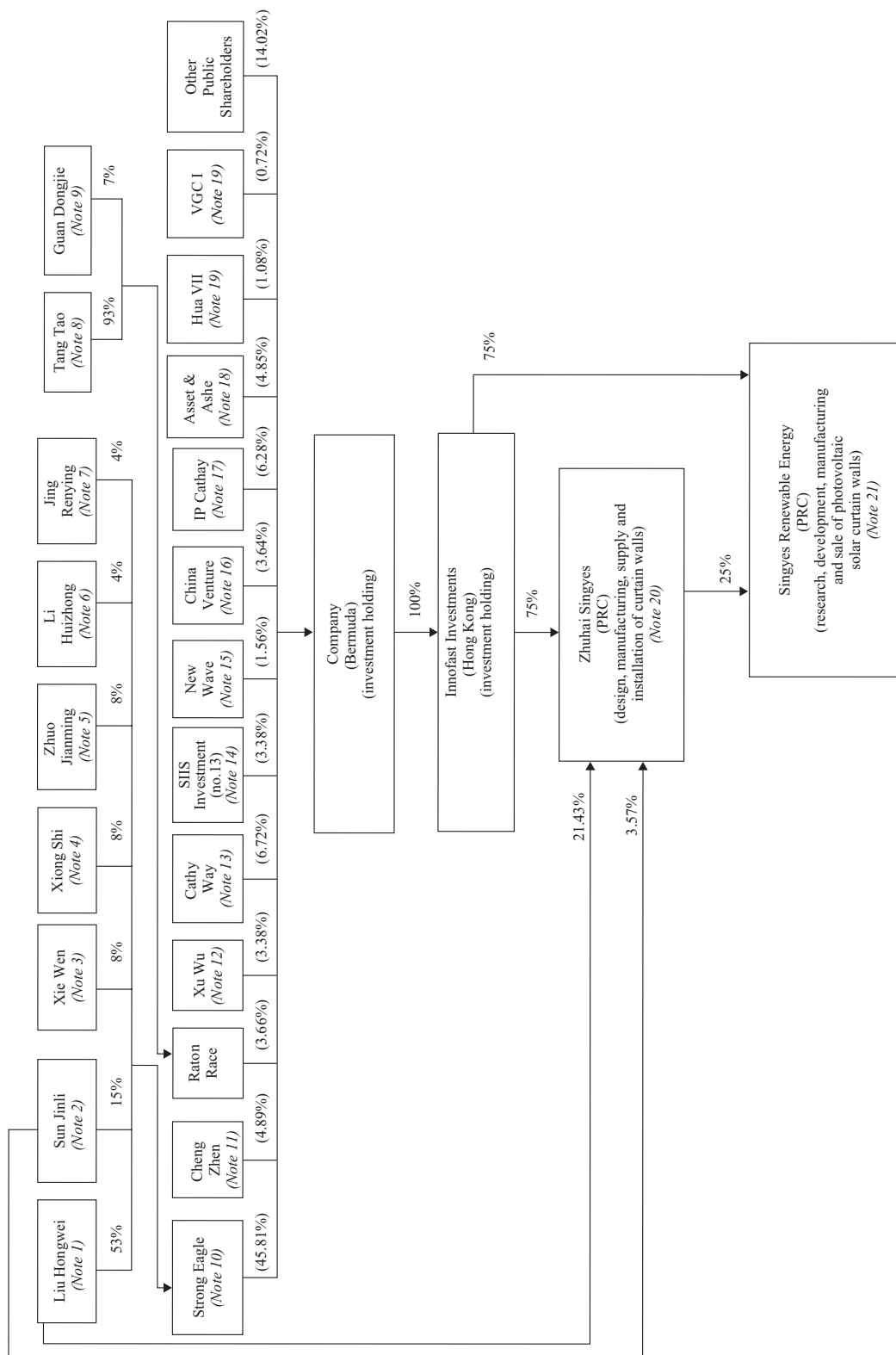
Pursuant to the written resolutions of our then existing Shareholders passed on 19 December 2008, conditional upon, among others, the crediting of our Company’s share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors were authorised to capitalise an amount of 3,664,954.98 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 366,495,498 Shares for allotment and issue to our Shareholders as at the date of this prospectus.

PRC APPROVALS

As advised by our PRC legal advisors, as the Reorganisation was taken place outside the PRC, there is no approval or permit required to be obtained for each stage of the Reorganisation under the PRC laws and regulations. Our PRC legal advisors also advised that no approval is required to be obtained from the China Securities Regulatory Commission for the Listing.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets out our group structure upon completion of the Capitalisation Issue and the Global Offering:



HISTORY, REORGANISATION AND GROUP STRUCTURE

- Note 1:* Liu Hongwei is an executive Director.
- Note 2:* Sun Jinli is an executive Director.
- Note 3:* Xie Wen is an executive Director.
- Note 4:* Xiong Shi is the chief engineer of Zhuhai Singyes and a director of Strong Eagle. He was a director of Zhuhai Singyes from 29 February 2000 to 22 October 2004. He decided to resign from directorship in Zhuhai Singyes in October 2004 after he became a director of Strong Eagle in May 2004.
- Note 5:* Zhuo Jianming is the deputy general manager of Zhuhai Singyes. He was a director of Zhuhai Singyes from 29 February 2000 to 22 October 2004. Zhuo Jianming resigned from directorship in Zhuhai Singyes in October 2004 as he intended to spend more time in overseeing the daily business operation of Zhuhai Singyes including monitoring the work progress of projects.
- Note 6:* Li Huizhong is the deputy general manager of Zhuhai Singyes. He was a director of Zhuhai Singyes from April 2004 to October 2004. He resigned from directorship in Zhuhai Singyes in October 2004 as he intended to spend more time in overseeing the daily business operation of Zhuhai Singyes including monitoring the work progress of projects.
- Note 7:* Save for her 4% interest in Strong Eagle, Jing Renying is an Independent Third Party.
- Note 8:* Save for his 93% interest in Raton Race, Tang Tao is an Independent Third Party.
- Note 9:* Save for his 7% interest in Raton Race, Guan Dongjie is an Independent Third Party.
- Note 10:* Strong Eagle will be holding approximately 45.81% of the issued share capital of our Company and thus a controlling shareholder of our Company under the Listing Rules. Each of Liu Hongwei, Sun Jinli, Xie Wen, Xiong Shi, Zhuo Jianming, Li Huizhong and Jing Renying has been a shareholder of Strong Eagle continuously since 3 May 2004. Apart from Jing Renying, all of these shareholders of Strong Eagle participated in the management buyout of Zhuhai Singyes Safety Glass in March 2000. Jing Renying began to invest in Zhuhai Singyes in October 2002 by acquiring 3% interests and in October 2004 she transferred the 3% interests in Zhuhai Singyes to Innofast Investments during which time she has already become a shareholder of Strong Eagle.
- Liu Hongwei, Sun Jinli, Xie Wen, Xiong Shi, Zhuo Jianming, Li Huizhong and Jing Renying have been holding substantially the same views regarding the past shareholders' resolutions of Strong Eagle. They cooperate with each other as parties acting in concert to exercise control over Strong Eagle.
- Therefore Strong Eagle, together with Liu Hongwei, Sun Jinli, Xie Wen, Xiong Shi, Zhuo Jianming, Li Huizhong and Jing Renying, are considered as a group of shareholders who are Controlling Shareholders of our Company under the Listing Rules.
- Note 11:* Cheng Zhen was a non-executive Director of our Company from 24 March 2005 to 30 April 2008. He was a director of Zhuhai Singyes during April 2004 and October 2004. Cheng Zhen resigned from directorship in Zhuhai Singyes in October 2004 because it was intended at that time that he would become a Director of our Company. He was then appointed as Director of our Company in March 2005. He resigned from directorship of our Company on 30 April 2008 as he was then preoccupied with his personal matters. Cheng Zhen currently holds no position in our Group. The Shares held by him will not be considered as Shares held by the public for the purpose of Rule 8.08 of the Listing Rules.
- Note 12:* Xu Wu was a director of our Company from 13 November 2003 to 24 March 2005. He was a director of Zhuhai Singyes during February 2000 and April 2004. Save for the aforesaid and his interest in our Company, Xu Wu is an Independent Third Party. Xu Wu currently holds no position in our Group. The Shares held by him will be considered as Shares held by the public for the purpose of Rule 8.08 of the Listing Rules.

HISTORY, REORGANISATION AND GROUP STRUCTURE

- Note 13:* Cathy Way is a company incorporated in the BVI with limited liability on 13 March 2007 whose share capital is wholly owned by Good Shape Investments Limited. Good Shape Investments Limited is wholly-owned by CITIC International Assets Management Limited which is in turn owned as to approximately 40%, 25%, 20%, 15% by CITIC International Financial Holdings Limited, Asset Managers International Co. Ltd, Ithmaar Bank B.S.C., and Mega Rider Offshore Ltd. respectively. Each of CITIC International Financial Holdings Limited, Asset Managers International Co. Ltd, Ithmaar Bank B.S.C. and Mega Rider Offshore Ltd. is an Independent Third Party, save for their indirect interests in the Company through Cathy Way. CITIC International Financial Holdings Limited is a company incorporated in Hong Kong, which is a subsidiary of CITIC Group. CITIC Group is a state-owned enterprise. The principal activity of Cathy Way is investment holding. Cathy Way is a Shareholder and shall hold approximately 6.72% of the total number of Shares upon the Listing. It is a financial investor to our Company and has no business relationship with and no management role in our Group.
- Note 14:* SIIS Investment (No. 13) is a company incorporated in the BVI with limited liability as an International Business Company on 10 May 2004. The principal activity of SIIS Investment (No. 13) is venture capital investment and it is wholly-owned by Jing Yi Bo Kanny, an Independent Third Party. SIIS Investment (No.13) is a Shareholder and shall hold approximately 3.38% of the total number of Shares upon the Listing. SIIS Investment (No. 13) is an Independent Third Party. It is a financial investor to our Company and has no business relationship with and no management role in our Group.
- Note 15:* New Wave is a company incorporated in the BVI with limited liability as an BVI Business Company on 1 June 2007. The principal activity of New Wave is venture capital investment and it is wholly owned by Stephen M Lim, an Independent Third Party. New Wave is a Shareholder and shall hold approximately 1.56% of the total number of Shares upon the Listing. New Wave is an Independent Third Party. It is a financial investor to our Company and has no business relationship with and no management role in our Group.
- Note 16:* China Venture is a company incorporated in Japan with limited liability on 12 January 2001. The principal activity of China Venture is venture capital investment and is owned as to approximately 50.70% by Ooei Shoji, approximately 12.67% by Kitz Corporation, approximately 6.34% by Ferrotec Corporation, approximately 6.34% by Aizawa Securities., Co. Ltd., approximately 6.34% by Mitsuharu Terayama, approximately 6.34% by Shusei Saito, approximately 6.84% by Kiyoharu Murakami, approximately 2.53% by Yoshiharu Akaboshi, approximately 0.76% by Nobuhiko Tane, approximately 0.25% by Toshihiro Horiuchi, approximately 0.25% by Shunnsaku Horiuchi, approximately 0.51% by Hidetaka Saheki and approximately 0.13% by Hitomi Izumi. Each of such shareholders of China Venture is an Independent Third Party save for their indirect interest in the Company through China Venture. China Venture is a Shareholder and shall hold approximately 3.64% of the total number of Shares upon the Listing. Save as its shareholding in our Company, China Venture is an Independent Third Party. It is a financial investor to our Company and has no business relationship and no management role in our Group.
- Note 17:* IP Cathay is a limited partnership formed in the BVI and its primary purpose is to make private equity investments in a diverse range of companies that are organized in the Greater China Region or organised elsewhere, but have operations or conduct business in the Greater China Region. Its general partner is IPF8 Partners Ltd which is an Independent Third Party. Save for it will hold 6.28% interest in our Company, IP Cathay is an Independent Third Party. It is a financial investor to our Company and has no business relationship with our Group. Save for Shi Yu's partnership in iD Techventures Ltd. which is the advisory company of IP Cathay and Shi Yu's non-executive directorship in our Company, IP Cathay has no management role in our Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

- Note 18:* Asset & Ashe is a company incorporated in the Cayman Islands with limited liability on 4 April 2007 with an authorised share capital of US\$50,000 divided into 49,900 participating shares of US\$1.00 each and 100 management shares of US\$1.00 each. One management share of Asset & Ashe is held by Asset & Ashe Management Limited (which is in turn owned 70% by Asset JCW Co. Ltd. and 30% by Ashe Capital Management Ltd.), and that 320 participating shares are held by Asset Managers Holdings Co., Ltd. (a company listed on the Osaka Securities Exchange, Code 2337). Each of Asset Managers Holdings Co. Ltd., Asset & Ashe Management Limited, Asset JCW Co. Ltd. and Ashe Capital Management Ltd. is an Independent Third Party. Save for it will hold 4.85% interest in our Company, Asset & Ashe is an Independent Third Party. The principal activity of Asset & Ashe is venture capital investment. It is a financial investor to our Company and has no business relationship with our Group. Save for Lin Xiaofeng, being its general manager, who is appointed as a non-executive Director, Asset & Ashe has no management role in our Group.
- Note 19:* Hua VII is a Taiwan-registered private equity fund. VGC I is a BVI-registered private equity fund. Both Hua VII and VGC I are managed by Vincera Capital Management Co. Limited. Vincera Capital Management Co. Limited is a private equity management firm with offices in Taipei and Shanghai. Save for Hua VII and VGC I will hold 1.08% and 0.72% interest in our Company respectively, each of Hua VII and VGC I is an Independent Third Party. Hua VII and VGC I are financial investors to our Company and have no business relationship and no management role in our Group.
- Note 20:* Zhuhai Singyes is a principal operating subsidiary of our Company. Under the current corporate structure, Mr. Liu Hongwei, being a Director, holds 21.43% equity interest in Zhuhai Singyes, which is a non-wholly owned subsidiary of our Company. Therefore, Zhuhai Singyes is a connected person of our Company under Rule 14A.11(5) of the Listing Rules and its future transactions with our Company or its subsidiaries will constitute connected transactions under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, our Directors are not aware of any provision of financial assistance to/from Zhuhai Singyes. Our Company confirms that it will fully comply with Chapter 14A of the Listing Rules if any connected transactions arise in the future.
- Note 21:* Singyes Renewable Energy is a principal operating subsidiary of our Company.

Based on the above chart, the public shareholders (including some of the existing Shareholders of the Company who are considered to be public shareholders for the purpose of Rule 8.08 of the Listing Rules) are expected to hold in aggregate approximately 38% of the total issued Shares in the Company immediately upon the Listing.