
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We consider that the demand of BIPV systems in the PRC will continue to grow in the future. According to the Renewable Energy Law, the PRC government encourages the use of renewable energy including, but not limited to, solar-energy for the purposes of water-heating, air-conditioning and photovoltaic power generation. Property developers are encouraged to facilitate the use of solar energy in the design and construction of buildings; whilst residents are also encouraged to install solar-energy systems which fulfill the required technical standards. Moreover, various renewable energy projects including the establishment of independent power systems using renewable energy in remote areas and islands are supported by national funds designated for renewable energy development.

Taking into account (i) our Group's extensive business network throughout the PRC and its consistently good business relationships with state-owned and private vendors and contractors; (ii) our Group's top-class qualifications in respect of curtain wall construction contracting and project design and its award-winning track record; and (iii) our Group's patented a-Si BIPV system backed by continuous commitment in research and development, our Directors consider that our Group is professionally qualified and technically prepared to capitalize on the market potential for BIPV systems and solar-energy products triggered by the favourable PRC laws and regulations.

Leveraging on our strong position in our core business of conventional curtain wall, we plan to further strengthen and develop our BIPV and solar-power product business. In the long run, we aspire and strive to grow into an enterprise with a focus on renewable energy business. Please refer to the paragraph headed "Our Business Strategies" under the section headed "Business" in this prospectus for a detailed discussion of our future plans.

With respect to the kinds of projects that we will undertake, we will give priority to sizeable projects related to public works such as railway stations and airports, as well as other landmark projects, through which our Group can enhance our engineering capabilities in respect of solar-power technologies. If necessary, our Group may, if it considers appropriate, use our internal resources and/or external borrowings for project financing.

We may also explore other business opportunities relating to our solar-power business. We have entered into a letter of intent with the Development and Reform Commission of Geermu City of Qinghai Province (青海省格爾木市發展和改革委員會) regarding the construction of a 50MW solar power station in Geermu City. Our Group intends to finance such project by various fund sources such as cash generated from operations and external borrowings. Our Directors confirm that none of the net proceeds from the Global Offering will be applied to this project.

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USE OF PROCEEDS

The net proceeds from the Global Offering to our Company after the deduction of underwriting commission and estimated expenses payable by us, and assuming an Offer Price of HK\$1.10 per Share (being the mid-point of the indicative range of the Offer Price of HK\$1.00 to HK\$1.20, are estimated to be approximately HK\$32.8 million. We currently plan to use the net proceeds from the Global Offering in the following manner:

- (i) as to approximately HK\$16.4 million (equivalent to approximately RMB14.6 million) (equivalent to approximately 50% of our estimated net proceeds) to finance construction costs for our future projects in the PRC and overseas, out of which approximately HK\$10.0 million (equivalent to approximately RMB8.9 million) will be used to finance projects in the PRC and approximately HK\$6.4 million (equivalent to approximately RMB5.7 million) will be used to finance overseas projects;
- (ii) as to approximately HK\$9.8 million (equivalent to approximately RMB8.8 million) (equivalent to approximately 30% of our estimated net proceeds) for purchasing equipment for the processing of ancillary parts in BIPV systems;
- (iii) as to approximately HK\$3.3 million (equivalent to approximately RMB2.9 million) (equivalent to approximately 10% of our estimated net proceeds) for research and development with a focus on the applications of solar technologies-related products and systems; and
- (iv) as to approximately HK\$3.3 million (equivalent to approximately RMB2.9 million) (equivalent to approximately 10% of our estimated net proceeds) for working capital requirements and other general corporate purposes.

If the Offer Price is determined at the highest point of the indicative range, the net proceeds to our Company would be increased by approximately HK\$5.8 million. In such event, we have the current intention to apply 50% of the additional funding of HK\$5.8 million for each of items (i) and (ii) above. If the Offer Price is determined at the lowest point of the indicative range, the net proceeds to our Company would be decreased by approximately HK\$5.8 million. In such event, we will reduce our planned usage for items (i) to (iv) above on a pro rata basis. We will finance any shortfall in the implementation of our plans by internal cash resources and/or additional bank borrowings, as and when appropriate.

To the extent that any part of the net proceeds from the Global Offering is not immediately used for the above purposes, we may allocate such proceeds to short-term interest-bearing bank deposits.

The Company undertakes to disclose in its annual reports (for the first five full financial years after the Listing or until the financial year during which the net proceeds from the Global Offering have been used up, whichever is earlier), the use of the net proceeds from the Global Offering, in particular, to disclose and comment on the extent to which the net proceeds from the Global Offering have been applied to solar technologies-related projects.