The following is the text of a report, prepared for the inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

31 December 2008

The Directors
China Singyes Solar Technologies Holdings Limited
ICEA Capital Limited

Dear Sirs,

We set out below our report on the financial information of China Singyes Solar Technologies Holdings Limited (the "Company", formerly known as China Singyes Holding Limited) and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2005, 2006 and 2007 and the six months ended 30 June 2008 (the "Relevant Periods") and the six months ended 30 June 2007 (the "30 June 2007 Financial Information") for inclusion in the prospectus of the Company dated 31 December 2008 (the "Prospectus") in connection with the proposed listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in Bermuda on 24 October 2003 as an exempted company with limited liability under the Bermuda Companies Act, for the purpose of acting as a holding company of the subsidiaries comprising the Group. The Group is principally engaged in the design, manufacturing, supply and installation of curtain walls. The Company and its subsidiaries have adopted 31 December as their financial year end date.

Particulars of the subsidiaries comprising the Group at the date of this report are set out below:

Company name	Place and date of incorporation/ registration and operations	Nominal value of registered paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Innofast Investments Limited ("Innofast")[(1)]	Hong Kong 8 August 2001	Hong Kong dollars ("HK$") 2	100%	–	Investment holding
Zhuhai Singyes Curtainwall Engineering Co., Ltd. ("Zhuhai Singyes")[(2)]	The People's Republic of China (the "PRC") 21 August 1995	United States dollars ("US$") 4,500,000	–	75%*	Design, manufacturing, supply and installation of curtain walls

Company name	Place and date of incorporation/ registration and operations	Nominal value of registered paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhuhai Singyes Renewable Energy Technology Co., Ltd ("Singyes Renewable Energy")(3)	The PRC 11 October 2007	US$2,500,000	–	100%	Research, development, manufacturing and sale of photovoltaic solar curtain walls

* The remaining 25% equity interests in Zhuhai Singyes are held by Mr. Liu Hongwei and Mr. Sun Jinli, two directors of the Company, who are also the shareholders of Strong Eagle Holdings Limited ("Strong Eagle"), the ultimate holding company of the Group. According to the Articles of Association of Zhuhai Singyes, Mr. Liu Hongwei and Mr. Sun Jinli are only entitled to a fixed annual return of RMB100,000. Therefore, the Company has consolidated the income statement of Zhuhai Singyes in full during the Relevant Periods and accounted for the fixed annual return of RMB100,000 as profit attributable to minority interests.

Notes:

(1) The financial statements for the three years ended 31 December 2005, 2006 and 2007 were audited by Wallace Ko & Co, certified public accountants registered in Hong Kong. No audited financial statements have been issued for the six months ended 30 June 2008.

(2) The financial statements for the three years ended 31 December 2005, 2006 and 2007 were audited by Zhuhai Hengfu Certified Public Accountants (珠海衡賦會計師事務所有限公司), certified public accountants registered in the PRC. No audited financial statements have been issued for the six months ended 30 June 2008.

(3) The financial statements for the year ended 31 December 2007 were audited by Zhuhai Hengfu Certified Public Accountants (珠海衡賦會計師事務所有限公司), certified public accountants registered in the PRC. No audited financial statements have been issued for the six months ended 30 June 2008.

As at the date of this report, no audited financial statements have been prepared for the Company since the date of its incorporation as the Company has not been involved in any significant operations. We have, however, performed our own independent audit of all relevant transactions of the Company for the Relevant Periods.

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of the Group for the Relevant Periods and the consolidated balance sheets of the Group and the balance sheets of the Company as at 31 December 2005, 2006 and 2007 and 30 June 2008, together with the notes thereto (collectively referred to as the "Financial Information") have been prepared based on the audited financial statements, or where appropriate, the unaudited management accounts of the companies comprising the Group, prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with IFRSs. The directors of the respective companies of the Group are responsible for the preparation and true and fair presentation of the respective financial statements and, where appropriate, management accounts in accordance with the relevant accounting principles and financial regulations applicable to these companies. In preparing the Financial Information, the audited financial statements and management accounts, which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimation made are prudent and reasonable, and that the reasons for any significant departure from applicable accounting standards are stated. It is our responsibilities to form an independent opinion, based on our examination, on the Financial Information and to report our opinion solely to you thereon.

Procedures performed in respect of the Relevant Periods

For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Procedures performed in respect of the 30 June 2007 Financial Information

The 30 June 2007 Financial Information includes the comparative consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the six months ended 30 June 2007 together with the notes thereto, which have been extracted from the Group's interim financial information for the same period prepared by the directors of the Company solely for the purpose of this report. We have also performed a review of the 30 June 2007 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 June 2007 Financial Information.

Opinion in respect of the Relevant Periods

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the consolidated operating results and cash flows of the Group for each of the Relevant Periods and of the state of affairs of the Group and the Company as at 31 December 2005, 2006 and 2007 and 30 June 2008.

Review conclusion in respect of the 30 June 2007 Financial Information

On the basis of our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the 30 June 2007 Financial Information does not give a true and fair view of the consolidated operating results and cash flows of the Group for the six months ended 30 June 2007 in accordance with IFRSs.

I. FINANCIAL INFORMATION

Consolidated income statements

		Year ended 31 December			Six months ended 30 June	
		2005	2006	2007	2007	2008
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*5*	353,659	414,969	604,688	261,105	374,571
Cost of sales		(290,461)	(344,886)	(492,764)	(213,085)	(298,482)
Gross profit		63,198	70,083	111,924	48,020	76,089
Other income and gains	*7*	151	108	408	30	457
Selling and distribution costs		(4,858)	(6,063)	(7,624)	(3,303)	(5,537)
Administrative expenses		(19,228)	(11,735)	(24,022)	(9,107)	(11,977)
Other expenses		(88)	(224)	(650)	(246)	(577)
Finance costs	*8*	(1,794)	(1,988)	(1,396)	(857)	(776)
Profit before tax	*6*	37,381	50,181	78,640	34,537	57,679
Income tax	*11*	(7)	–	(8,244)	(3,795)	(5,515)
Profit for the year/ period		37,374	50,181	70,396	30,742	52,164
Attributable to:						
Equity holders of the Company		37,274	50,081	70,296	30,692	52,114
Minority interests		100	100	100	50	50
		37,374	50,181	70,396	30,742	52,164
Dividends	*12*	–	–	–	–	–
Earnings per share attributable to equity holders of the Company:						
Basic	*13*	RMB31.06	RMB41.73	RMB54.14	RMB25.39	RMB35.67
Diluted	*13*	RMB26.74	RMB35.63	RMB48.38	RMB21.69	N/A

Consolidated balance sheets

		31 December			30 June
		2005	**2006**	**2007**	**2008**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*14*	16,760	22,454	40,677	58,147
Prepaid land lease payments	*15*	891	872	853	844
Prepayment for available-for-sale equity investment	*17*	–	–	9,496	–
Available-for-sale equity investment	*18*	–	–	–	8,917
		17,651	23,326	51,026	67,908
Current assets					
Inventories	*19*	1,351	554	628	1,015
Construction contracts	*20*	15,552	23,247	10,178	52,113
Trade receivables	*21*	147,880	175,698	280,606	268,686
Prepayments, deposits and other receivables	*22*	24,092	11,545	19,017	38,525
Amounts due from directors	*33*	250	90	89	49
Pledged deposits	*23*	2,302	428	19,758	500
Cash and cash equivalents	*23*	20,864	28,758	42,628	65,915
		212,291	240,320	372,904	426,803
Current liabilities					
Trade payables	*24*	28,608	16,837	15,790	32,195
Construction contracts	*20*	1,014	67	–	232
Other payables and accruals	*25*	22,269	24,092	44,366	58,602
Interest-bearing bank and other borrowings	*26*	11,244	12,655	18,000	10,000
Tax payable		7,426	3,386	10,802	7,050
Amounts due to directors	*33*	496	38	36	–
		71,057	57,075	88,994	108,079
Net current assets		141,234	183,245	283,910	318,724
Total assets less current liabilities		158,885	206,571	334,936	386,632

		31 December			30 June
		2005	2006	2007	2008
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Interest-bearing bank and other borrowings	*26*	–	–	58,437	–
Convertible loans	*27*	21,016	17,840	–	–
		21,016	17,840	58,437	–
Net assets		137,869	188,731	276,499	386,632
Equity attributable to equity holders of the Company					
Share capital	*28*	99	99	117	122
Reserves		131,968	182,730	270,380	380,458
		132,067	182,829	270,497	380,580
Minority interests	*30*	5,802	5,902	6,002	6,052
Total equity		137,869	188,731	276,499	386,632

Consolidated statements of changes in equity

	Attributable to equity holders of the Company								Minority interests	Total equity
	Share capital	Share premium*	Reserve fund*	Enterprise expansion fund*	Equity component of convertible loans*	Exchange fluctuation reserve*	Retained earnings*	Total		
	(note 28)	*(note 29)*	*(note 29)*	*(note 29)*	*(note 27)*				*(note 30)*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2005	99	–	14,628	–	656	(79)	78,947	94,251	5,702	99,953
Profit for the year	–	–	–	–	–	–	37,274	37,274	100	37,374
Profit appropriation to reserves	–	–	4,034	2,018	–	–	(6,052)	–	–	–
Exchange realignment	–	–	–	–	–	542	–	542	–	542
At 31 December 2005 and 1 January 2006	99	–	18,662	2,018	656	463	110,169	132,067	5,802	137,869
Profit for the year	–	–	–	–	–	–	50,081	50,081	100	50,181
Profit appropriation to reserves	–	–	5,197	2,598	–	–	(7,795)	–	–	–
Repayment of convertible loans	–	–	–	–	(88)	–	–	(88)	–	(88)
Exchange realignment	–	–	–	–	–	769	–	769	–	769
At 31 December 2006 and 1 January 2007	99	–	23,859	4,616	568	1,232	152,455	182,829	5,902	188,731
Profit for the year	–	–	–	–	–	–	70,296	70,296	100	70,396
Profit appropriation to reserves	–	–	7,599	3,799	–	–	(11,398)	–	–	–
Conversion of convertible loans	18	16,768	–	–	(568)	–	–	16,218	–	16,218
Exchange realignment	–	–	–	–	–	1,154	–	1,154	–	1,154
At 31 December 2007 and 1 January 2008	117	16,768	31,458	8,415	–	2,386	211,353	270,497	6,002	276,499
Profit for the period	–	–	–	–	–	–	52,114	52,114	50	52,164
Issuance of new shares	5	57,026	–	–	–	–	–	57,031	–	57,031
Exchange realignment	–	–	–	–	–	938	–	938	–	938
At 30 June 2008	122	73,794	31,458	8,415	–	3,324	263,467	380,580	6,052	386,632

* These reserve accounts comprise the consolidated reserves in the consolidated balance sheets.

	Attributable to equity holders of the Company									
	Share capital	Share premium	Reserve fund	Enterprise expansion fund	Equity component of convertible loans	Exchange fluctuation reserve	Retained earnings	Total	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	99	–	23,859	4,616	568	1,232	152,455	182,829	5,902	188,731
Profit for the period (unaudited)	–	–	–	–	–	–	30,692	30,692	50	30,742
Conversion of convertible loans (unaudited)	5	4,088	–	–	(142)	–	–	3,951	–	3,951
Exchange realignment (unaudited)	–	–	–	–	–	582	–	582	–	582
At 30 June 2007 (unaudited)	104	4,088	23,859	4,616	426	1,814	183,147	218,054	5,952	224,006

Consolidated cash flow statements

		Year ended 31 December			Six months ended 30 June	
		2005	**2006**	**2007**	**2007**	**2008**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Cash flows from operating activities						
Profit before tax		37,381	50,181	78,640	34,537	57,679
Adjustments for:						
Depreciation	*6*	1,108	1,864	2,504	1,217	1,185
Amortisation of prepaid land lease payments	*6*	19	19	19	9	9
Impairment of trade and other receivables	*6*	200	100	357	–	–
Gain on disposal of items of property, plant and equipment	*6*	(22)	–	(30)	–	–
Exchange losses	*6*	27	52	202	90	(12)
Interest income	*7*	(45)	(42)	(260)	(24)	(324)
Finance costs	*8*	1,794	1,988	1,396	857	776
		40,462	54,162	82,828	36,686	59,313
Decrease/(increase) in inventories		(1,016)	797	(74)	(214)	(387)
Decrease/(increase) in construction contracts		(13,674)	(8,642)	13,002	(37,173)	(41,703)
Increase in trade receivables		(1,201)	(27,818)	(104,908)	(16,269)	11,920
Decrease/(increase) in amounts due from directors		(187)	160	1	(103)	40
Decrease/(increase) in prepayments, deposits and other receivables		641	12,447	(7,829)	(52,919)	(3,949)
Increase/(decrease) in trade payables		8,233	(11,771)	(1,047)	29,575	18,415
Increase/(decrease) in other payables and accruals		(25,680)	3,510	19,349	33,957	5,469
Decrease in amounts due to directors		(380)	(120)	(2)	(38)	(36)
Income tax paid		(4,820)	(4,040)	(828)	(8)	(9,267)
Net cash inflow/(outflow) from operating activities		2,378	18,685	492	(6,506)	39,815

		Year ended 31 December			Six months ended 30 June	
		2005	2006	2007	2007	2008
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash inflow/(outflow) from operating activities		2,378	18,685	492	(6,506)	39,815
Cash flows from investing activities						
Purchase of items of property, plant and equipment		(4,396)	(8,861)	(20,827)	(830)	(18,655)
Proceeds from disposal of items of property, plant and equipment		26	–	38	–	–
Prepayment for available-for-sale equity investment		–	–	(9,496)	–	–
Decrease/(increase) in pledged deposits		(2,001)	1,874	(19,330)	(3,941)	19,258
Interests received		45	42	260	24	324
Net cash inflow/(outflow) from investing activities		(6,326)	(6,945)	(49,355)	(4,747)	927
Cash flows from financing activities						
Proceeds from bank and other borrowings		11,244	10,000	86,437	–	10,000
Repayment of bank and other borrowings		(6,493)	(8,927)	(22,655)	–	(18,000)
Repayment of convertible loans		–	(2,636)	–	–	–
Payment of listing expenses		–	–	–	–	(7,904)
Interests paid		(959)	(2,414)	(1,534)	(633)	(494)
Net cash inflow/(outflow) from financing activities		3,792	(3,977)	62,248	(633)	(16,398)
Net increase/(decrease) in cash and cash equivalents		(156)	7,763	13,385	(11,886)	24,344
Exchange realignment		(11)	131	485	(3)	(1,057)
Cash and cash equivalents at beginning of the year/period		21,031	20,864	28,758	28,758	42,628
Cash and cash equivalents at end of the year/period		20,864	28,758	42,628	16,869	65,915

Company balance sheets

	Notes	31 December 2005 RMB'000	31 December 2006 RMB'000	31 December 2007 RMB'000	30 June 2008 RMB'000
Non-current assets					
Investment in a subsidiary	*16*	–	–	–	–
Prepayment for available-for-sale equity investment	*17*	–	–	9,496	–
Available-for-sale equity investment	*18*	–	–	–	8,917
		–	–	9,496	8,917
Current assets					
Prepayments, deposits and other receivables	*22*	–	–	–	11,941
Amount due from a subsidiary	*33*	13,730	13,636	56,599	50,687
Amount due from a director	*33*	58	56	52	49
Cash and cash equivalents	*23*	1,512	169	947	441
		15,300	13,861	57,598	63,118
Current liabilities					
Amount due to a subsidiary	*33*	215	3,170	3,873	8,675
Other payables and accruals	*25*	–	–	877	4,037
		215	3,170	4,750	12,712
Net current assets		15,085	10,691	52,848	50,406
Total assets less current liabilities		15,085	10,691	62,344	59,323
Non-current liabilities					
Interest-bearing bank and other borrowings	*26*	–	–	58,437	–
Convertible loans	*27*	21,016	17,840	–	–
		21,016	17,840	58,437	–
Net assets/(liabilities)		(5,931)	(7,149)	3,907	59,323
Equity					
Share capital	*28*	99	99	117	122
Reserves	*29*	(6,030)	(7,248)	3,790	59,201
Total equity		(5,931)	(7,149)	3,907	59,323

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 24 October 2003 as an exempted company with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Group is principally engaged in the design, manufacturing, supply and installation of curtain walls. The Group's principal operations and market are in the PRC.

In the opinion of the directors, the ultimate holding company of the Company is Strong Eagle, which is incorporated in the British Virgin Islands.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The Financial Information has been prepared on a historical cost basis. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

The Financial Information has been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the IASB, and the International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. The following standards, which are generally effective for annual periods beginning on or after 1 January 2005, 1 December 2005, 1 January 2006, 1 January 2007 and 1 January 2008, have been adopted at the beginning of the Relevant Periods:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions

The Group has not applied the following new and revised IFRSs which have been issued but are not yet effective, in the Financial Information:

IAS 1 (revised)	Presentation of Financial Statements
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 23 (revised)	Borrowing Costs
IAS 27 (amended)	Consolidated and Separate Financial Statements
IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 Amendment	Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (revised)	Business Combinations
IFRS 8	Operating Segments
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

Apart from the above, the IASB has issued Improvements to IFRSs* which sets out 35 amendments to 20 International Financial Reporting Standards resulting from its annual improvements project. Except for the amendment to IFRS 5 which is effective for annual periods beginning on or after 1 July 2009, these amendments are effective for annual periods beginning on or after 1 January 2009.

* The improvements to 20 IFRSs include amendments to IFRS 5, IFRS 7, IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41.

IAS 23 (revised) shall be applied for annual periods beginning on or after 1 January 2009. The standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset and are part of that asset.

IFRS 8 sets out the requirements for disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical area in which the Group operates, and revenues from the Group's major customers. This IFRS will supersede IAS 14 Segment Reporting and it shall be applied for annual periods beginning or after 1 January 2009.

IAS 1 (revised), IAS 32 and IAS 1 Amendments, IAS 27 (amended), IFRS 1 and IAS 27 Amendments, IFRS 2 Amendment, IFRS 3 (revised), IFRIC 13, IFRIC 15 and IFRIC 16 shall be applied for annual periods beginning on or after 1 January 2009, 1 January 2009, 1 July 2009, 1 January 2009, 1 January 2009, 1 July 2009, 1 July 2008, 1 January 2009, and 1 October 2008, respectively. The Group is in the process of making an assessment of the impact of these new and revised IFRSs and IFRICs upon initial application. The Group anticipates that these new and revised IFRSs and IFRICs are unlikely to have any significant impact on the Group's results of operations and financial position.

The principal accounting policies adopted by the Group in arriving at the Financial Information set out in this report, which conform to IFRSs, are set out below:

Basis of consolidation

The Financial Information includes the financial statements of the Company and its subsidiaries comprising the Group for the Relevant Periods.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests represent the interests of outside equity holders not held by the Group in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group or its holding company;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled and significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Group or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value (5% of cost) over its estimated useful life. The estimated useful lives are as follows:

Buildings	50 years
Machinery	5-10 years
Motor vehicles	5 years
Office equipment and furniture	3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised, is the difference between the net disposal proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses. Cost comprises the direct costs of construction during the period of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. Construction in progress is not depreciated until completed and ready for use.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditures incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets in unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or determined to be impaired consolidated at which time the cumulative gain or loss previously reported in equity is recognised in the consolidated income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are also recognised in the consolidated income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment; or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same and a discounted cash flow analysis.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the impairment loss is recognised in the consolidated income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured. The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from equity to the consolidated income statement. A provision for impairment is made for available-for-sale equity investments where there has been a significant or prolonged decline in the fair value below its cost or whether other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. Impairment losses on equity instrument classified as available-for-sale are not reversed through the consolidated income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

– the rights to receive cash flows from the asset have expired;

– the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or

– the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settle option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred assets that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing bank and other borrowings)

Financial liabilities including trade and other payables, amounts due to related parties and interest-bearing bank and other borrowings are initially recognised at the fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Convertible loans

The component of convertible loans that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On receipt of convertible loans, the fair value of the liability component is determined using a market rate for an equivalent non-convertible loan; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loans based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, cost comprises direct materials and labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices, less any estimated costs to be incurred to completion and the estimated costs necessary to make the sale.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statements.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statements, or in equity if it relates to items that are recognised in the same or a different period directly in equity. PRC income tax is provided at rates applicable to enterprises in the PRC on the income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax legislation, practices and interpretations thereof.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" above;

(c) from the rendering of services, when the relevant services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

In accordance with the rules and regulations in the PRC, the employees of the Group's subsidiaries which operate in the PRC are covered by government-regulated defined contribution retirement benefit plans under which the employees are entitled to a monthly pension. The Group and its employees are required to make monthly contributions calculated as a percentage of the employees' wages and salaries to these retirement benefit plans on a monthly basis, subject to certain ceilings and local practices set by the relevant municipal and provincial governments. Under these plans, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of these assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses in income statement in the period in which they are incurred.

Dividends

Dividends are simultaneously proposed and declared, because the Company's articles of association grants the directors the authority to declare dividends. Consequently, dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The financial statements are presented in RMB, which is the Group's presentation currency. The Company's functional currency is US$. Each entity in the Group determines its own functional currencies and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currency are initially recorded at the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas companies comprising the Group are currencies other than RMB. As at the balance sheet date, the assets and liabilities of these entities are translated into RMB at the exchange rates ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. Foreign exchange differences on the translation are recognised directly in a separate component of equity.

For the purpose of the consolidated cash flow statements, the cash flows of overseas companies comprising the Group are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas companies which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Financial Information.

Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the duration and the extent to which the fair value of an investment is less than its cost. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operating and financing cash flows.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Percentage of completion of construction contracts work

The Group recognises revenue according to the percentage of completion of individual contract of construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue are less than expected or actual contract costs are more than expected, an impairment loss may arise.

Impairment of trade and other receivables

The provision policy for impairment of trade and other receivables of the Group is based on ongoing evaluation of the collectability and the aged analysis of the outstanding receivables and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. The carrying amounts of impairment provision for trade and other receivables as at 31 December 2005, 2006 and 2007 and 30 June 2008 were approximately RMB2,933,000, RMB3,033,000, RMB3,390,000 and RMB3,390,000, respectively. Further details are given in notes 21 and 22.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date taking into account changes in circumstances.

4. SEGMENT INFORMATION

The Group's turnover and profit for the Relevant Periods were mainly derived from curtain wall supply and installation services provided to domestic building construction works. The principal assets employed by the Group are located in the PRC. Accordingly, no segment analysis by business and geographical segments is provided for the Relevant Periods.

5. REVENUE

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts and the value of services rendered, net of business tax and government surcharges; and the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Construction contracts	308,924	373,546	530,948	225,053	327,559
Sale of goods	43,971	40,357	72,777	35,767	45,981
Rendering of design services	764	1,066	963	285	1,031
	353,659	414,969	604,688	261,105	374,571

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2005	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of construction contracts and design services	255,214	312,115	434,365	184,162	262,406
Cost of inventories sold	35,247	32,771	58,399	28,923	36,076
Depreciation *(note 14)*	1,108	1,864	2,504	1,217	1,185
Amortisation of prepaid land lease payments *(note 15)*	19	19	19	9	9
Minimum lease payments under operating leases	223	288	376	94	425
Research costs	5,950	234	578	206	506
Auditors' remuneration	46	47	53	–	–
Staff costs (including directors' remuneration *(note 9)*):					
Wages, salaries and relevant benefits	6,816	7,765	12,136	5,305	7,098
Pension plan contributions	121	152	206	68	184
	6,937	7,917	12,342	5,373	7,282
Impairment of trade and other receivables	200	100	357	–	–
Gain on disposal of items of property, plant and equipment	(22)	–	(30)	–	–
Exchange losses	27	52	202	90	(12)

7. OTHER INCOME AND GAINS

	Year ended 31 December			Six months ended 30 June	
	2005	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	45	42	260	24	324
Gain on disposal of items of property, plant and equipment	22	–	30	–	–
Others	84	66	118	6	133
	151	108	408	30	457

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2005	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on bank borrowings wholly repayable within five years	514	701	1,336	331	494
Interest on convertible loans *(notes 13 and 27)*	1,112	1,052	(853)	441	–
Interest on other borrowings	168	235	913	85	282
	1,794	1,988	1,396	857	776

9. DIRECTORS' REMUNERATION

Directors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2005	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	251	451	314	149	164
Pension plan contributions	6	6	6	3	3
	257	457	320	152	167

(a) Non-executive directors and independent non-executive directors

There were no fees and other emoluments payable to non-executive directors and independent non-executive directors during the Relevant Periods.

(b) Executive directors

	Fees	Salaries, allowance and benefits in kind	Pension plan contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2005				
Mr. Liu Hongwei	–	105	2	107
Mr. Sun Jinli	–	73	2	75
Mr. Xie Wen	–	73	2	75
	–	251	6	257
Year ended 31 December 2006				
Mr. Liu Hongwei	–	165	2	167
Mr. Sun Jinli	–	143	2	145
Mr. Xie Wen	–	143	2	145
	–	451	6	457
Year ended 31 December 2007				
Mr. Liu Hongwei	–	118	2	120
Mr. Sun Jinli	–	98	2	100
Mr. Xie Wen	–	98	2	100
	–	314	6	320
Six months ended 30 June 2007 (Unaudited)				
Mr. Liu Hongwei	–	57	1	58
Mr. Sun Jinli	–	46	1	47
Mr. Xie Wen	–	46	1	47
	–	149	3	152
Six months ended 30 June 2008				
Mr. Liu Hongwei	–	60	1	61
Mr. Sun Jinli	–	52	1	53
Mr. Xie Wen	–	52	1	53
	–	164	3	167

There was no arrangement under which an executive director waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Directors	3	3	1	1	1
Non-director employees	2	2	4	4	4
	5	5	5	5	5

Details of the remuneration of the directors are set out in note 9 above.

Details of the remuneration of the non-director, highest paid employees for the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	176	300	651	312	339
Pension plan contributions	2	4	7	3	3
	178	304	658	315	342

The remuneration of the non-director, highest paid employees all fell within the band of nil to RMB1,000,000.

11. TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The income tax expenses of the Group for the Relevant Periods are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Income tax expense for the year/period:					
PRC corporate income tax ("CIT") for the year/period	–	–	8,244	3,795	5,515
Hong Kong profits tax for the year/period	7	–	–	–	–
	7	–	8,244	3,795	5,515

The Company is a tax exempted company registered in Bermuda and conducts substantially all of its business through its PRC subsidiaries.

Hong Kong profits tax of Innofast has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong in 2005. No provision for Hong Kong profits tax has been made for 2006 and 2007 and the six months ended 30 June 2008 as Innofast had no assessable profits arising in Hong Kong during those periods.

In accordance with the "Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises", the Company's PRC subsidiaries, Zhuhai Singyes and Singyes Renewable Energy, are subject to the PRC CIT as follows:

Zhuhai Singyes

Zhuhai Singyes was subject to the PRC CIT at a rate of 15% during the Relevant Periods, which is the preferential tax rate for enterprises in the Zhuhai Special Economic Zone. Pursuant to the documents "Zhu Xiang Guo Shui Han [2006] No. 2" issued by the Zhuhai Xiangzhou District Branch of the State Tax Bureau dated 6 January 2006, Zhuhai Singyes, as a production enterprise with foreign investment, is entitled to a full exemption from CIT for the first two years and a 50% deduction in CIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. The first profitable year of Zhuhai Singyes was 2005. Therefore, Zhuhai Singyes was exempted from CIT for 2005 and 2006 and subject to CIT at a reduced rate of 7.5% for 2007.

Singyes Renewable Energy

Singyes Renewable Energy was established in October 2007 and subject to the PRC CIT at a rate of 15% for 2007, which is the preferential tax rate for enterprises in the Zhuhai Special Economic Zone. Singyes Renewable Energy was not subject to PRC CIT in 2007 due to its accumulated losses.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

In accordance with "Guo Fa [2007] No. 39" promulgated on 26 December 2007:

(a) from 1 January 2008, for enterprises that enjoy a preferential tax rate of 15%, the tax rate will be transitioned to 25% over five years at rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; and

(b) from 1 January 2008, the enterprises that originally enjoyed the preference of regular tax reduction and exemption, will continue to enjoy the original preference in accordance with the preferential measures and terms stipulated by the original tax law, administrative regulations and relevant documents until the expiration of the preference.

In this connection, Zhuhai Singyes is subject to CIT at a rate of 9% in 2008 and will enjoy the preferential tax rates of 10% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012. Singyes Renewable Energy is subject to the PRC CIT at the rate of 25% since 2008.

Pursuant to the New CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and jurisdiction of the foreign investors. On 22 February 2008, "Caishui [2008] No. 1" was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 are exempted from withholding tax. Pursuant to the resolution of the board of directors of Zhuhai Singyes on 19 December 2008, the net profits of Zhuhai Singyes for the year ending 31 December 2008, after appropriations to the reserve fund and the enterprise expansion fund and fixed annual return of RMB100,000 to Mr. Liu Hongwei and Mr. Sun Jinli *(Note 30)*, will be used for business development of Zhuhai Singyes and will not be distributed to its shareholders. As a result, no deferred tax liabilities relating to withholding tax on the distributable profits of Zhuhai Singyes for the six months ended 30 June 2008 have been recognized.

A reconciliation of the income tax expense applicable to profit before tax using the applicable income tax rate of Zhuhai Singyes to the income tax expense for the Relevant Periods is as follows:

	Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before tax	37,381	50,181	78,640	34,537	57,679
At the applicable income tax rate	5,607	7,527	11,796	5,181	10,382
Impact of higher income tax rates of subsidiaries	(1)	(11)	(8)	(4)	(23)
Effect of tax holiday	(6,843)	(7,901)	(7,464)	(3,612)	(5,457)
Expenses not deductible for tax	1,244	385	3,920	2,230	613
Income tax expense for the year/period	7	–	8,244	3,795	5,515

12. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for each of the Relevant Periods attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the Relevant Periods.

The calculation of diluted earnings per share amounts is based on the profit for each of the Relevant Periods attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible loans, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Relevant Periods, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on:

	Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	37,274	50,081	70,296	30,692	52,114
Interest on convertible loans *(note 8)*	1,112	1,052	(853)	441	–
Profit attributable to ordinary equity holders of the Company before interest on convertible loans	38,386	51,133	69,443	31,133	52,114

	Number of shares Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
				(Unaudited)	
Shares					
Weighted average number of ordinary shares in issue during the Relevant Periods used in the basic earnings per share calculation	1,200,000	1,200,000	1,298,476	1,208,817	1,461,153
Effect of dilution – weighted average number of ordinary shares:					
Convertible loans	235,295	235,295	136,819	226,478	–
	1,435,295	1,435,295	1,435,295	1,435,295	1,461,153

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment and furniture *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2005	11,082	1,405	1,028	2,121	84	15,720
Additions	–	2,654	96	180	1,669	4,599
Disposals	–	–	(81)	–	–	(81)
At 31 December 2005	11,082	4,059	1,043	2,301	1,753	20,238
Additions	–	5,122	144	292	2,000	7,558
At 31 December 2006	11,082	9,181	1,187	2,593	3,753	27,796
Additions	–	58	385	623	19,669	20,735
Disposals	–	–	(153)	–	–	(153)
At 31 December 2007	11,082	9,239	1,419	3,216	23,422	48,378
Additions	–	17,817	116	276	446	18,655
At 30 June 2008	11,082	27,056	1,535	3,492	23,868	67,033
Accumulated depreciation						
At 1 January 2005	421	532	545	949	–	2,447
Charge for the year *(note 6)*	211	348	177	372	–	1,108
Disposals	–	–	(77)	–	–	(77)
At 31 December 2005	632	880	645	1,321	–	3,478
Charge for the year *(note 6)*	213	1,155	124	372	–	1,864
At 31 December 2006	845	2,035	769	1,693	–	5,342
Charge for the year *(note 6)*	213	1,730	153	408	–	2,504
Disposals	–	–	(145)	–	–	(145)
At 31 December 2007	1,058	3,765	777	2,101	–	7,701
Charge for the period *(note 6)*	106	797	99	183	–	1,185
At 30 June 2008	1,164	4,562	876	2,284	–	8,886
Net carrying value						
At 31 December 2005	10,450	3,179	398	980	1,753	16,760
At 31 December 2006	10,237	7,146	418	900	3,753	22,454
At 31 December 2007	10,024	5,474	642	1,115	23,422	40,677
At 30 June 2008	9,918	22,494	659	1,208	23,868	58,147

As at 31 December 2005 and 2006 and 30 June 2008, certain of the Group's interest-bearing bank and other borrowings were secured by the Group's buildings, with aggregate carrying amounts of approximately RMB10,450,000, RMB10,237,000 and RMB9,918,000, respectively (note 26).

As at 31 December 2007, there was no mortgage over property, plant and equipment of the Group.

15. PREPAID LAND LEASE PAYMENTS

	31 December			**30 June**
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year/period	910	891	872	853
Amortisation charged for the year/period *(note 6)*	(19)	(19)	(19)	(9)
Carrying amount at end of the year/period	891	872	853	844

As at 31 December 2005 and 2006 and 30 June 2008, certain of the Group's interest-bearing bank and other borrowings were secured by the Group's prepaid land lease payments, with aggregate carrying amounts of approximately RMB595,000, RMB582,000 and RMB563,000, respectively (note 26). As at 31 December 2007, there was no mortgage over prepaid land lease payments of the Group.

During the Relevant Periods, the Group was in the process of applying for the title certificates of certain of its land use rights in the PRC with aggregate carrying amounts of approximately RMB296,000, RMB290,000, RMB284,000 and RMB281,000 as at 31 December 2005, 2006 and 2007 and 30 June 2008, respectively. In December 2008, the Group has obtained relevant title certificates of these land use rights.

16. INVESTMENT IN A SUBSIDIARY

	Company			
	31 December			**30 June**
	2005	**2006**	**2007**	**2008**
	RMB	*RMB*	*RMB*	*RMB*
Unlisted equity investment, at cost – Innofast	2	2	2	2

17. PREPAYMENT FOR AVAILABLE-FOR-SALE EQUITY INVESTMENT

Pursuant to an agreement entered into between the Company and Cameste Resources Limited ("Cameste"), an independent third party, in October 2007, the Company acquired 13% equity interests in Weihai China Glass Solar Co., Ltd. ("Weihai China"), formerly known as Weihai Bluestar Terra Photovoltaic Co., Ltd.), a private limited liability company established in the PRC, from Cameste at a consideration of US$1,300,000 (equivalent to RMB9,496,000), which has been fully paid in October 2007. As at 31 December 2007, the application for approval of the acquisition by relevant PRC authorities was still in process. On 29 February 2008, the Company's acquisition of 13% equity interests in Weihai China was approved by relevant PRC authorities. The carrying amount of prepayment for available-for-sale equity investment approximates to its fair value.

18. AVAILABLE-FOR-SALE EQUITY INVESTMENT

As at 30 June 2008, the available-for-sale equity investment is 13% equity investment in Weihai China, as specified in note 17, which is stated at cost because there is no quoted market price for such equity investment. In addition, the variability of the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, a reasonable estimate of the fair value cannot be made.

19. INVENTORIES

	31 December			30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials, at cost	1,351	554	628	1,015

20. CONSTRUCTION CONTRACTS

	31 December			30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amount due from contract customers	15,552	23,247	10,178	52,113
Gross amount due to contract customers	(1,014)	(67)	–	(232)
	14,538	23,180	10,178	51,881
Contract costs incurred plus recognised profits less recognised losses to date	142,334	100,411	74,997	256,683
Less: Progress billings received and receivable	(127,796)	(77,231)	(64,819)	(204,802)
	14,538	23,180	10,178	51,881

21. TRADE RECEIVABLES

	31 December			30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	142,846	154,503	236,126	231,596
Retention money receivables	7,717	23,878	47,163	39,773
	150,563	178,381	283,289	271,369
Less: Impairment	(2,683)	(2,683)	(2,683)	(2,683)
	147,880	175,698	280,606	268,686

The majority of the Group's revenues are generated through construction contracts and settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. The Group does not have a standardised and universal credit period granted to its construction service customers. The credit period of individual construction service customers is considered on a case-by-case basis and set out in the construction contracts, as appropriate. In the event that a project contract does not specify the credit period, the usual practice of the Group is to allow a credit period of 30 to 150 days. For the sale of materials, a credit period ranging from three to six months may be granted to large customers. Revenues from small and new customers are normally expected to be settled shortly after the provision of services or delivery of goods. No credit period is set by the Group for small and new customers. For retention money receivables in respect of construction works carried out by the Group, the due dates usually range from one to three years after the completion of the relevant construction works. Trade receivables are non-interest-bearing.

An aged analysis of the Group's trade receivables as at each balance sheet date during the Relevant Periods, based on the invoice dates and net of impairment of trade receivables, is as follows:

	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	74,171	77,850	164,132	140,271
3 to 6 months	50,558	24,952	68,536	33,795
6 to 12 months	21,845	36,470	14,434	74,292
1 to 2 years	1,304	36,306	24,041	15,548
2 to 3 years	2	120	9,410	4,611
Over 3 years	–	–	53	169
	147,880	175,698	280,606	268,686

The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables that are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the Group's trade receivables that are not considered to be impaired is as follows:

	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	125,915	107,923	250,095	201,574
Past due but not impaired:				
Less than 6 months past due	21,845	37,550	19,905	58,291
6 to 12 months past due	20	10,984	5,400	7,555
Over 12 months past due	100	19,241	5,206	1,266
	147,880	175,698	280,606	268,686

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the trade receivables approximate to their fair values.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group			
	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to subcontractors and suppliers	14,890	4,728	5,130	6,039
Deposits	8,159	6,103	12,591	14,757
Other receivables	1,293	1,064	2,003	14,818
Tax charges receivable from subcontractors	–	–	–	3,618
	24,342	11,895	19,724	39,232
Less: Impairment	(250)	(350)	(707)	(707)
	24,092	11,545	19,017	38,525

	Company			
	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	–	–	–	11,941

The carrying amounts of the prepayments, deposits and other receivables approximate to their fair value.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group			
	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	23,166	29,186	62,386	66,415
Less: Pledged bank balances for project bidding	(2,302)	(428)	(401)	(500)
Pledged time deposits for bank loans *(note 26)*	–	–	(19,357)	–
Cash and cash equivalents	20,864	28,758	42,628	65,915
Cash and bank balances denominated in:				
– RMB	21,651	28,945	39,959	65,372
– US$	1,515	241	22,391	774
– HK$	–	–	36	180
– Singapore Dollar	–	–	–	89
	23,166	29,186	62,386	66,415

	Company			
	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances denominated in:				
– US$	1,512	169	947	441

The RMB is not freely convertible into other currencies. However, under the Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations of the PRC, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at prevailing market interest rates based on quarterly bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

24. TRADE PAYABLES

An aged analysis of the trade payables as at each balance sheet date during the Relevant Periods based on the invoice dates, is as follows:

	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	11,179	5,425	8,254	21,241
3 to 6 months	8,997	2,805	2,048	3,595
6 to 12 months	6,529	2,608	1,478	2,423
1 to 2 years	846	4,971	1,957	1,753
2 to 3 years	937	146	1,177	1,577
Over 3 years	120	882	876	1,606
	28,608	16,837	15,790	32,195

The trade payables are non-interest-bearing and are normally settled within one to six months. The carrying amounts of the trade payables approximate to their fair values.

25. OTHER PAYABLES AND ACCRUALS

	Group			
	As at 31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers	5,043	3,103	8,643	16,177
Tax and surcharge payables	7,765	11,784	26,918	30,309
Accrued expenses	2,135	2,488	4,741	7,458
Other payables	7,326	6,717	4,064	4,658
	22,269	24,092	44,366	58,602

	Company			
	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued expenses	–	–	877	4,037

Other payables are unsecured, non-interest-bearing and have no fixed terms of repayment. The carrying amounts of these other payables and accruals approximate to their fair values.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	31 December									30 June		
	2005			2006			2007			2008		
	Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity	
	(%)		*RMB'000*	*(%)*		*RMB'000*	*(%)*		*RMB'000*	*(%)*		*RMB'000*
Current												
Bank loans – secured	6.696%	2006	8,500	6.696%	2007	10,000	5.558%	2008	18,000	8.217%	2009	10,000
Other borrowings – unsecured	6.5%	On demand	2,744	6.5%	On demand	2,655			–			–
			11,244			12,655			18,000			10,000
Non-current												
Other borrowings – secured			–			–	3%	2010	58,437			–
			–			–			58,437			–
			11,244			12,655			76,437			10,000

Company

	31 December 2007		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Non-current			
Other borrowings – secured	3%	2010	58,437

Current

(a) Bank loans

The Group's bank loans are denominated in RMB and are secured by:

(i) mortgages over the buildings of the Group with aggregate carrying amounts of approximately RMB10,450,000, RMB10,237,000 and RMB9,918,000 as at 31 December 2005 and 2006 and 30 June 2008, respectively *(note 14)*;

(ii) mortgages over certain prepaid land lease payments of the Group with aggregate carrying amounts of approximately RMB595,000, RMB582,000 and RMB563,000 as at 31 December 2005 and 2006 and 30 June 2008, respectively *(note 15)*; and

(iii) the pledge of certain of the Group's bank deposits amounting to RMB19,357,000 as at 31 December 2007 *(note 23)*.

(b) Other borrowings

As at 31 December 2005 and 2006, the Group has other borrowings of US$340,000 (equivalent to RMB2,744,000) and US$340,000 (equivalent to RMB2,655,000) respectively, which are unsecured, bear interest at 6.5% per annum and are repayable on demand, which were fully repaid in 2007.

Non-current

As at 31 December 2007, both the Group and the Company have other borrowings of US$8,000,000 (equivalent to RMB58,437,000), which are guaranteed by Strong Eagle, the Company's ultimate holding company, with certain of its shares in the Company, bear interest at 3% per annum and are payable upon expiry *(note 33)*.

Pursuant to the agreements entered into among the Company and the lenders of the above loans in March 2008, the loans have been extinguished by 69,207 new shares issued by the Company to the lenders, which resulted in the increase of the number of issued and fully paid ordinary shares from 1,435,295 as at 31 December 2007 to 1,504,502 as at 30 June 2008 (note 28) and share premium of RMB57,026,000 (note 29). The guarantee provided by Strong Eagle was also released upon the completion of the above transactions.

The carrying amounts of the current interest-bearing bank and other borrowings of the Group and the Company approximate to their fair values. The carrying amounts and fair values of the non-current interest-bearing borrowings of the Group and the Company as at 31 December 2007 are as follows:

	Group and Company As at 31 December 2007	
	Carrying amounts	**Fair values**
	RMB'000	*RMB'000*
Other borrowings – secured	58,437	59,342

The fair values of the non-current other borrowings of the Group and the Company were calculated by discounting the expected future cash flows at their interest rates.

27. CONVERTIBLE LOANS

During May to November 2004, the Company issued convertible loans aggregating to US$2,500,000 (equivalent to RMB20,691,000), which carried interest at a rate of 5% per annum and would expire during September 2007 to November 2008. According to the convertible loan agreements, the loans are guaranteed by Strong Eagle, the Company's ultimate holding company, and Mr. Xu Wu, a shareholder of the Company, with certain of their shares in the Company and can be convertible at the option of the lenders into ordinary shares of the Company on or before the expiry dates on the basis of one ordinary share for every US$9.78 of the principal amounts of convertible loans. Any loans not converted will be repaid on the respective expiry dates.

The fair value of the liability component was estimated at the borrowing date using an equivalent market interest rate for a similar non-convertible loan without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

In September and October 2006, the Company repaid a part of the convertible loans with carrying amounts of US$319,000 (equivalent to RMB2,527,000) at their principal amounts of US$326,320 (equivalent to RMB2,661,000). The repayment was allocated to the liability component and the equity component at the repayment dates using the method consistent with that used in the original allocation to the separate components of the proceeds received by the Company when the convertible loans were borrowed.

In June and August 2007, all of the lenders exercised all of their conversion rights according to the convertible loan agreements, which resulted in the issue of 235,295 ordinary shares of the Company (note 28), and the guarantees provided by Strong Eagle and Mr. Xu Wu were released accordingly after the conversion. In addition, according to the agreements among the Company and the lenders upon the conversion, all outstanding interests payable to the lenders of US$183,000 (equivalent to RMB1,388,000) were fully waived.

During the Relevant Periods, the movements in the liability component and the equity component of the convertible loans are as follows:

	Group and Company		
	Liability component	Equity component	Total
	RMB'000	*RMB'000*	*RMB'000*
Convertible loans			
As at 1 January 2005	20,430	656	21,086
Interest accrued *(note 8)*	1,112	–	1,112
Exchange realignment	(526)	–	(526)
As at 31 December 2005 and 1 January 2006	21,016	656	21,672
Interest accrued *(note 8)*	1,052	–	1,052
Interest paid	(1,069)	–	(1,069)
Repayment of convertible loans	(2,573)	(88)	(2,661)
Exchange realignment	(586)	–	(586)
As at 31 December 2006 and 1 January 2007	17,840	568	18,408
Interest accrued *(note 8)*	(853)	–	(853)
Interest paid	(302)	–	(302)
Conversion into ordinary shares *(notes 28 and 29)*	(16,218)	(568)	(16,786)
Exchange realignment	(467)	–	(467)
As at 31 December 2007	–	–	–

28. SHARE CAPITAL

	Number of shares			
	As at 31 December			30 June
	2005	2006	2007	2008
Authorised, issued and fully paid:				
Ordinary shares of US$0.01 each	1,200,000	1,200,000	1,435,295	1,504,502

	Amount as at			
	31 December			30 June
	2005	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Authorised, issued and fully paid:				
Ordinary shares of US$0.01 each	99	99	117	122

During the Relevant Periods, the movements in issued are analysed as follows:

	Number of shares	Issued capital *RMB'000*
At 1 January 2005, 2006 and 2007	1,200,000	99
Conversion of convertible loans *(note 27)*	235,295	18
At 31 December 2007	1,435,295	117
Issuance of new shares *(note 26)*	69,207	5
At 30 June 2008	1,504,502	122

29. RESERVES

(a) Share premium

During the Relevant Periods, the movements in share premium are analysed as follows:

	RMB'000
At 1 January 2005, 2006 and 2007	–
Conversion of convertible loans *(note 27)*	16,768
At 31 December 2007	16,768
Issuance of new shares *(note 26)*	57,026
At 30 June 2008	73,794

(b) Statutory reserves of the PRC subsidiaries

In accordance with the "Law of the PRC on Joint Ventures Using Chinese and Foreign Investment" and the Articles of Association of Zhuhai Singyes and Singyes Renewable Energy, appropriations from net profit should be made to the reserve fund, the employee bonus and welfare fund and the enterprise expansion fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The reserve fund can be used to offset accumulated losses or to increase capital, the employee bonus and welfare fund is available to fund payments of special bonuses to staff and for collective welfare benefits and the enterprise expansion fund can be used for business development or to increase capital. The percentages to be appropriated to the reserve fund, the employee bonus and welfare fund and the enterprise expansion fund are determined by the board of directors.

Pursuant to the resolutions of the board of directors of Zhuhai Singyes on 26 February 2006, 12 February 2007 and 28 February 2008, 10% and 5% of net profit of 2005, 2006 and 2007 were appropriated to the reserve fund and the enterprise expansion fund respectively.

During the Relevant Periods, no reserve fund, employee bonus and welfare fund and enterprise expansion fund were appropriated by Singyes Renewable Energy due to its accumulated loss.

(c) Reserves of the Company

During the Relevant Periods, the movements in reserves of the Company are as follows:

	Share premium *(note 29(a))* *RMB'000*	**Equity component of convertible loans** *(note 27)* *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*
At 1 January 2005	–	656	–	(3,876)	(3,220)
Loss for the year	–	–	–	(2,931)	(2,931)
Exchange realignment	–	–	121	–	121
At 31 December 2005 and 1 January 2006	–	656	121	(6,807)	(6,030)
Loss for the year	–	–	–	(1,356)	(1,356)
Repayment of convertible loans	–	(88)	–	–	(88)
Exchange realignment	–	–	226	–	226
At 31 December 2006 and 1 January 2007	–	568	347	(8,163)	(7,248)
Loss for the year	–	–	–	(5,197)	(5,197)
Conversion of convertible loans	16,768	(568)	–	–	16,200
Exchange realignment	–	–	35	–	35
At 31 December 2007	16,768	–	382	(13,360)	3,790
Loss for the period	–	–	–	(326)	(326)
Issuance of new shares	57,026	–	–	–	57,026
Exchange realignment	–	–	(1,289)	–	(1,289)
At 30 June 2008	73,794	–	(907)	(13,686)	59,201

30. MINORITY INTERESTS

During the Relevant Periods, the Company indirectly held a 75% equity interest in Zhuhai Singyes through Innofast and the remaining 25% equity interests in Zhuhai Singyes were held by Mr. Liu Hongwei and Mr. Sun Jinli, two directors of the Company, for the purpose of complying with the PRC regulations which impose restrictions on the scope of construction projects undertaken by wholly foreign owned enterprises. Pursuant to a letter of undertaking provided by Mr. Liu Hongwei and Mr. Sun Jinli in favour of Innofast in December 2004 and another letter of undertaking provided by Mr. Liu Hongwei and Mr. Sun Jinli in favour of Zhuhai Singyes in June 2005, Mr. Liu Hongwei and Mr. Sun Jinli have agreed to transfer all of their interests in Zhuhai Singyes to Innofast once those restrictions are released and return all considerations received from Innofast, except their initial capital contributions, to Zhuhai Singyes for free. In addition, according to Zhuhai Singyes's Articles of Association, Mr. Liu Hongwei and Mr. Sun Jinli are only entitled to a fixed annual return of RMB100,000 since 2004 instead of sharing profits of Zhuhai Singyes based on equity interests held by them. Pursuant to a letter of undertaking provided by Mr. Liu Hongwei and Mr. Sun Jinli in favour of Innofast in August 2008, Innofast would be entitled to all of the remaining assets upon liquidation of Zhuhai Singyes except for the initial capital contributions in Zhuhai Singyes by Mr. Liu Hongwei and Mr. Sun Jinli.

Consequently, the Company has consolidated the income statement of Zhuhai Singyes in full during the Relevant Periods and accounted for the fixed annual return of RMB100,000 entitled by Mr. Liu Hongwei and Mr. Sun Jinli as profit attributable to minority interests. Minority interests represented 25% of the paid-up capital of Zhuhai Singyes held by Mr. Liu Hongwei and Mr. Sun Jinli amounted to US$680,000 (equivalent to RMB5,602,000), plus the fixed annual return of RMB100,000 since 2004.

31. CONTINGENT LIABILITIES

As at 31 December 2005, 2006 and 2007 and 30 June 2008, neither the Group nor the Company had any significant contingent liabilities.

32. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments as at 31 December 2005, 2006 and 2007 and 30 June 2008:

	31 December			30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Property, plant and equipment	5,066	217	4,428	4,428

(b) Operating lease commitments – Group as lessee

The Group leases certain of its office premises under operating lease arrangements. Leases for properties are negotiated for terms of one or two years. As at each of the balance sheet dates during the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	143	20	139	141
After one year but not more than five years	–	–	85	67
	143	20	224	208

33. RELATED PARTY TRANSACTIONS AND BALANCES

The Group had the following significant transactions and balances with related parties during the Relevant Periods:

(a) Related party transactions

(i) Loan from a director

In August 2004, Zhuhai Singyes, a subsidiary of the Company, entered into a loan agreement with Mr. Liu Hongwei, the chairman of both the Company and Zhuhai Singyes, to borrow a two-year loan of RMB950,000 at an interest rate of 5.49% per annum. All principal and interests were fully repaid in August 2006.

The interests of the above loan during the Relevant Periods were set out below:

	Year ended 31 December			Six months ended 30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interests charged	38	10	–	–

(ii) Guarantee provided by the ultimate holding company

As at 31 December 2007, the Group and the Company's other borrowings of RMB58,437,000 were guaranteed by Strong Eagle, the Company's ultimate holding company, and the guarantee has been released in April 2008 when the borrowings are extinguished *(note 26)*.

In the opinion of the directors, the above related party transactions were conducted on normal commercial terms in the ordinary course of business and will not continue after the listing of the shares of the Company on the Stock Exchange.

(b) Related party balances

Group

The Group had the following significant balances with its related parties at each of the balance sheet dates of the Relevant Periods:

(i) Amounts due from directors

	As at 31 December			30 June
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Liu Hongwei	159	67	72	49
Mr. Sun Jinli	91	–	–	–
Mr. Xie Wen	–	11	5	–
Mr. Cheng Zhen	–	12	12	–
	250	90	89	49

The amounts due from related parties disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	31 December 2005 *RMB'000*	Maximum amount outstanding during the year *RMB'000*	1 January 2005 *RMB'000*
Mr. Liu Hongwei	159	159	–
Mr. Sun Jinli	91	91	–
Mr. Xie Wen	–	–	–
Mr. Cheng Zhen	–	4	4
	250	254	4

	31 December 2006 *RMB'000*	Maximum amount outstanding during the year *RMB'000*	1 January 2006 *RMB'000*
Mr. Liu Hongwei	67	159	159
Mr. Sun Jinli	–	91	91
Mr. Xie Wen	11	11	–
Mr. Cheng Zhen	12	12	–
	90	273	250

	31 December 2007 *RMB'000*	Maximum amount outstanding during the year *RMB'000*	1 January 2007 *RMB'000*
Mr. Liu Hongwei	72	72	67
Mr. Sun Jinli	–	–	–
Mr. Xie Wen	5	11	11
Mr. Cheng Zhen	12	12	12
	89	95	90

	30 June 2008 RMB'000	Maximum amount outstanding during the period RMB'000	1 January 2008 RMB'000
Mr. Liu Hongwei	49	72	72
Mr. Sun Jinli	–	–	–
Mr. Xie Wen	–	5	5
Mr. Cheng Zhen	–	12	12
	49	89	89

(ii) Amounts due to directors

	31 December			30 June
	2005 RMB'000	2006 RMB'000	2007 RMB'000	2008 RMB'000
Mr. Liu Hongwei*	338	–	–	–
Mr. Sun Jinli	–	38	36	–
Mr. Xie Wen	158	–	–	–
	496	38	36	–

* As at 31 December 2005, the amount due to Mr. Liu Hongwei represented the remaining loan balance as disclosed in note 33(a).

Except for the loan from Mr. Liu Hongwei as mentioned above, the balances with the directors are all non-trade in nature, unsecured, non-interest-bearing and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

The directors represent that the Group has fully settled all the outstanding balances with related parties as of the date of this report.

Company

The Company had the following significant balances with its related parties at each of the balance sheet dates of the Relevant Periods:

	31 December			30 June
	2005 RMB'000	2006 RMB'000	2007 RMB'000	2008 RMB'000
Amounts due from related parties:				
Subsidiary – Innofast	13,730	13,636	56,599	50,687
Director – Mr. Liu Hongwei	58	56	52	49
Amount due to a related party:				
Subsidiary – Zhuhai Singyes	215	3,170	3,873	8,675

The balances with related parties of the Company are all non-trade in nature, unsecured, non-interest-bearing and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

(c) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2005	**2006**	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Short-term employee benefits	649	994	1,023	485	538
Post-employment benefits	12	12	12	6	6
	661	1,006	1,035	491	544

Further details of directors' emoluments are included in note 9 above.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, convertible loans, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. All these interest-bearing bank and other borrowings were obtained at fixed interest rates, which have exposed the Group to fair value interest rate risk. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of repayments of borrowings are disclosed in note 26 above.

Management does not anticipate any significant impact resulting from the changes in interest rates because all of the Group's borrowings as at 30 June 2008 were at fixed interest rates.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. With the majority of the Group's business transacted in RMB, the aforesaid currency is defined as the Group's functional currency. The RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

As a result of its significant business operations in the PRC, the Group's revenue and expenses are mainly denominated in RMB and the financial assets and liabilities are also mainly denominated in RMB. The effect of the fluctuation in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore not significant and the Group has not entered into any hedging transactions in order to reduce the Group's exposure to foreign currency risk in this regard.

Details of the Group's cash and cash equivalents, pledged deposits, and interest-bearing bank and other borrowings at the end of each of the Relevant Periods are disclosed in note 23 and note 26, respectively.

Credit risk

The carrying amounts of cash and cash equivalents, pledged deposits, trade and other receivables, investments and other financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in the PRC, which management believes are of high credit quality.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Moreover, as the Group's exposure is spread over a diversified portfolio of customers, there is no significant concentration of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The liquidity of the Group is primarily dependent on its ability to maintain a balance between continuity of funding and through the settlement from customers and the payment to vendors.

The maturity profile of the Group's financial liabilities as at 31 December 2005, 2006 and 2007 and 30 June 2008, based on the contractual undiscounted payments, was as follows:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2005					
Interest-bearing bank and other borrowings	2,744	–	8,500	–	11,244
Convertible loans	–	–	–	21,016	21,016
Trade payables	28,608	–	–	–	28,608
Other payable and accruals	22,269	–	–	–	22,269
Amounts due to directors	158	–	338	–	496
	53,779	–	8,838	21,016	83,633
As at 31 December 2006					
Interest-bearing bank and other borrowings	2,655	10,000	–	–	12,655
Convertible loans	–	–	–	17,840	17,840
Trade payables	16,837	–	–	–	16,837
Other payable and accruals	24,092	–	–	–	24,092
Amounts due to directors	38	–	–	–	38
	43,622	10,000	–	17,840	71,462
As at 31 December 2007					
Interest-bearing bank and other borrowings	–	–	18,000	58,437	76,437
Trade payables	15,790	–	–	–	15,790
Other payable and accruals	44,366	–	–	–	44,366
Amounts due to directors	36	–	–	–	36
	60,192	–	18,000	58,437	136,629
As at 30 June 2008					
Interest-bearing bank and other borrowings	–	–	10,000	–	10,000
Trade payables	32,195	–	–	–	32,195
Other payable and accruals	58,602	–	–	–	58,602
	90,797	–	10,000	–	100,797

Capital management

The Group's objectives of its capital management are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt comprises all interest-bearing bank and other borrowings, trade payables, other payables and accruals and tax payable, less cash and cash equivalents and pledged deposits. Total equity comprises owner's equity and minority interests stated in the consolidated balance sheets.

At the end of each of the Relevant Periods, the Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure the Group has a reasonable level of capital to support its business. The gearing ratios at the end of each of the Relevant Periods were as follows:

	Group			
	31 December			**30 June**
	2005	**2006**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	11,244	12,655	76,437	10,000
Trade payables	28,608	16,837	15,790	32,195
Other payables and accruals	22,269	24,092	44,366	58,602
Tax payable	7,426	3,386	10,802	7,050
Less: Cash and cash equivalents	(20,864)	(28,758)	(42,628)	(65,915)
Less: Pledged deposits	(2,302)	(428)	(19,758)	(500)
Net debt	46,381	27,784	85,009	41,432
Equity	137,869	188,731	276,499	386,632
Total equity and net debt	184,250	216,515	361,508	428,064
Gearing ratio	25%	13%	24%	10%

35. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of this report, the Group had no significant events after the balance sheet date.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and the Company in respect of any period subsequent to 30 June 2008.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong