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## HISTORY AND CORPORATE STRUCTURE

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### BUSINESS MILESTONES

<u>Year</u>	<u>Event</u>
2005.....	Shunfeng Technology was established as a limited liability company under the laws of the PRC on 10 October 2005.
2007.....	Commenced production of monocrystalline solar cells in March 2007 with one manufacturing line with an annual capacity of 25MW.
2008.....	Expanded annual solar cell production capacity to 50 MW following the installation of a second manufacturing line in July 2008.
2009.....	Recognized by Forbes China as one of the most promising small and medium-sized enterprises on its China's Up and Comers List in 2009.
2010.....	Recognized by Forbes China as one of the most promising small and medium-sized enterprises on its China's Up and Comers List for a second year in 2010.  Increased annual aggregate production capacity of existing two manufacturing lines from 50 MW to 60 MW through technological improvements.  Established Shunfeng Materials to engage in the manufacturing of silicon wafers on 21 September 2010.  Installed four additional solar cell manufacturing lines each with an annual production capacity of 60 MW.  Entered into long-term contracts with 12 customers for sales of approximately 380 MW of solar cells in 2011 and of approximately 1,082 MW of solar cells from 2012 to 2013.  Established Shunfeng Electronic to engage in the manufacturing of solar modules.
2011.....	Entered into strategic alliance agreement with Huadian New Energy Development Co., Ltd.  Installed two additional solar cell manufacturing lines each with an annual production capacity of 60 MW.  Commenced production of silicon ingots in April 2011 and silicon wafers in May 2011.

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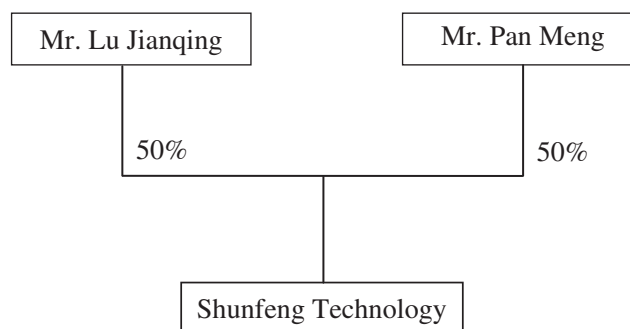
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### OUR HISTORY

Shunfeng Technology, our wholly-owned operating subsidiary in China, was founded by Mr. Lu Jianqing and Mr. Pan Meng (潘猛) on 10 October 2005 under the laws of the PRC in Wujin, Jiangsu Province with an initial registered capital of RMB5.0 million. Shunfeng Technology is primarily engaged in the development, manufacture and marketing of solar cells and related solar products. Mr. Lu Jianqing and Mr. Pan Meng are PRC citizens who founded Shunfeng Technology to capitalize on the potential growth of the solar product market by each making a capital contribution of RMB2.5 million of his own funds in Shunfeng Technology for 50% of its equity interest. Immediately after Shunfeng Technology's establishment, Mr. Lu Jianqing served as its sole executive director and manager, and Mr. Pan Meng served as its sole supervisor.

The shareholding structure of Shunfeng Technology immediately after its establishment was as follows:



### The Mutual Understanding between Mr. Lu Jianqing, Mr. Pan Meng and Mr. Qian Kaiming

At the time of establishing Shunfeng Technology, in order to reward Mr. Qian Kaiming for his contribution to Shunfeng Technology's establishment and incentivize his continued services, Mr. Lu Jianqing, Mr. Pan Meng and Mr. Qian Kaiming reached a mutual understanding (the "Mutual Understanding") that Mr. Lu Jianqing's family, Mr. Pan Meng's family and Mr. Qian Kaiming's family would eventually beneficially own 42.50%, 42.50% and 15%, respectively, of the equity interest in Shunfeng Technology, subject to dilution by new investors. Mr. Qian Kaiming is a PRC citizen who assisted Mr. Lu Jianqing in establishing and managing Shunfeng Technology and has served as the deputy general manager of Shunfeng Technology since 1 April 2006. In relation to the Mutual Understanding and for other reasons set forth below, from 25 July 2006 to 23 April 2010, Shunfeng Technology and its shareholders undertook the following transactions:

#### *Conversion into a Sino-foreign Joint Venture and Capital Increase*

In order to benefit from the preferential tax rates applicable to sino-foreign joint ventures in China and expand its operations, on 28 March 2006, Shunfeng Technology decided to become a sino-foreign joint venture and increase its registered capital to RMB30.0 million. Accordingly, Shunfeng Technology and its shareholders undertook the following transactions:

- (1) *Transaction.* As Mr. Lu Jianqing and Mr. Pan Meng had been shareholders of Shunfeng Technology for less than one year, they were not allowed to own a direct equity interest in a sino-foreign joint venture under relevant PRC laws. Therefore, as a transitional measure to facilitate Shunfeng Technology's transition into a sino-foreign joint venture, Mr. Lu Jianqing and Mr. Pan Meng transferred all their equity interest in Shunfeng Technology to Wujin Equipment Factory, a company wholly owned by Mr. Lu Jianqing which was qualified to be a shareholder of a sino-foreign joint venture. Wujin Equipment Factory acquired the equity interest with its own funds. The

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equity transfer was completed when it was registered with the local administration of industry and commerce on 25 July 2006. Wujin Equipment Factory was established in November 1987 and has been wholly owned by Mr. Lu Jianqing since 23 July 1997. The business scope of Wujin Equipment Factory was manufacturing of power generators using fossil fuels.

*Consideration.* The consideration for this equity transfer was RMB5.0 million in cash which was fully paid on 28 March 2006. Wujin Equipment Factory acquired the equity interest with its own funds.

*Basis of Consideration.* The consideration for this transaction was determined with reference to the registered capital of Shunfeng Technology of RMB5.0 million.

- (2) *Transaction.* Shunfeng Technology increased its registered capital from RMB5.0 million to RMB30.0 million. Sun World, an investment holding company incorporated in Hong Kong, acquired 25% of the equity interest in Shunfeng Technology by subscribing for the corresponding portion of the capital increase, converting Shunfeng Technology into a sino-foreign joint venture. Sun World was beneficially owned by Ms. Li Xin (李信), a PRC citizen and wife of Mr. Pan Meng. Ms. Li Xin was responsible for sales in Shunfeng Technology. The capital increase and equity subscription were completed when they were registered with the local administration of industry and commerce on 25 July 2006.

*Consideration.* The consideration for this equity subscription was RMB7.5 million in cash which was fully paid on 15 June 2006. This transaction was financed by a shareholder's loan in Hong Kong dollars equivalent to RMB7.5 million from Ms. Li Xin to Sun World. Ms. Li Xin in turn, borrowed the same amount from Mr. Kang Yu (耿瑜). Subsequently, Ms. Li Xin fully repaid the loan to Mr. Kang Yu by 30 August 2006 with her own funds, while the shareholder's loan from Ms. Li Xin to Sun World remained outstanding as of the Latest Practicable Date. Mr. Kang Yu is a Hong Kong resident who directly held 1% of the issued share capital of Sun World on trust for Ms. Li Xin at no consideration. As advised by our HK legal advisers, Baker & McKenzie, the relevant trust document is legal, valid and enforceable. Mr. Kang Yu was also a friend of Mr. Qian Kaiming and had no other relationship with Shunfeng Technology, Sun World, or the shareholders or senior management of Shunfeng Technology or Sun World.

*Basis of Consideration.* The consideration for this equity subscription was determined with reference to the increased registered capital of Shunfeng Technology of RMB30.0 million.

- (3) *Transaction.* Wujin Equipment Factory subscribed for the rest of the capital increase of Shunfeng Technology. The equity subscription was completed when it was registered with the local administration of industry and commerce on 25 July 2006.

*Consideration.* The consideration for this transaction was RMB17.5 million in cash which was fully paid on 12 May 2006. Wujin Equipment Factory subscribed for the capital increase with its own funds.

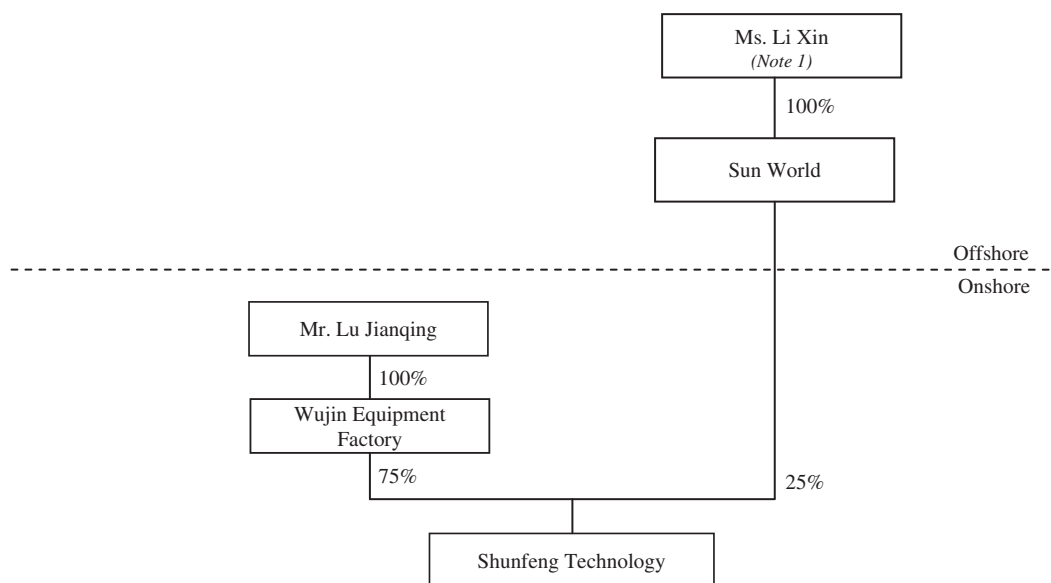
*Basis of Consideration.* The consideration for the capital subscription was determined with reference to the increased registered capital of Shunfeng Technology of RMB30.0 million.

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The simplified shareholding structure of Shunfeng Technology immediately after the equity transfer and capital increase above was as follows:



*Note:*

(1) Ms. Li Xin was the beneficial owner of the entire issued share capital of Sun World, 1% of which was held by Mr. Kang Yu on trust for her.

### ***Equity Transfer to Shanghai Xingrui Trading Limited***

*Transaction:* As a step to achieve the agreed shareholding percentages pursuant to the Mutual Understanding as discussed above, Wujin Equipment Factory transferred 32.50% of the equity interest in Shunfeng Technology to Shanghai Xingrui Trading Limited Company (上海星睿貿易有限公司) (“Shanghai Xingrui”), in which Ms. Li Xin and Ms. Shao Ailin (邵愛林), a PRC citizen and wife of Mr. Qian Kaiming, owned 53.85% and 46.15%, respectively, of the equity interest. Shanghai Xingrui acquired the equity interest with its own funds. The equity transfer was completed when it was registered with the local administration of industry and commerce on 31 October 2006. Shanghai Xingrui was an investment holding company established in June 2006 by Ms. Li Xin and Ms. Shao Ailin, as Mr. Qian Kaiming’s wife, to invest in Shunfeng Technology. According to the *Notice concerning the Relevant Issues on Strengthening the Approval, Registration, Foreign Exchange and Taxation Administration on Foreign-invested Enterprises* jointly issued by Ministry of Foreign Trade and Economic Cooperation, State Administration of Taxation, State Administration for Industry and Commerce, and SAFE which became effective on 1 January 2003, when a Chinese individual has been a shareholder of a domestic company for one or more years, such individual may, upon approval, continue to be a Chinese shareholder in the said company after conversion of such company into a foreign-invested enterprise. No Chinese individual is permitted to set up a new foreign-invested enterprise with any foreign company, enterprise, other organization or individual, whether by means of new establishment or purchase of equity interest. Based on the above mentioned notice and given the fact that Mr. Qian Kaiming was not then an existing shareholder of Shunfeng Technology, Mr. Qian Kaiming as a PRC individual was not allowed to acquire a direct equity interest in a sino-foreign joint venture such as Shunfeng Technology. Our PRC legal advisers, King & Wood, as well as the PRC legal advisers of the Sole Sponsor, Llinks Law Offices, have confirmed that as of the Latest Practicable Date, such provision in the notice is valid and effective, and that the equity transfer from Wujin Equipment Factory to Shanghai Xingrui was in

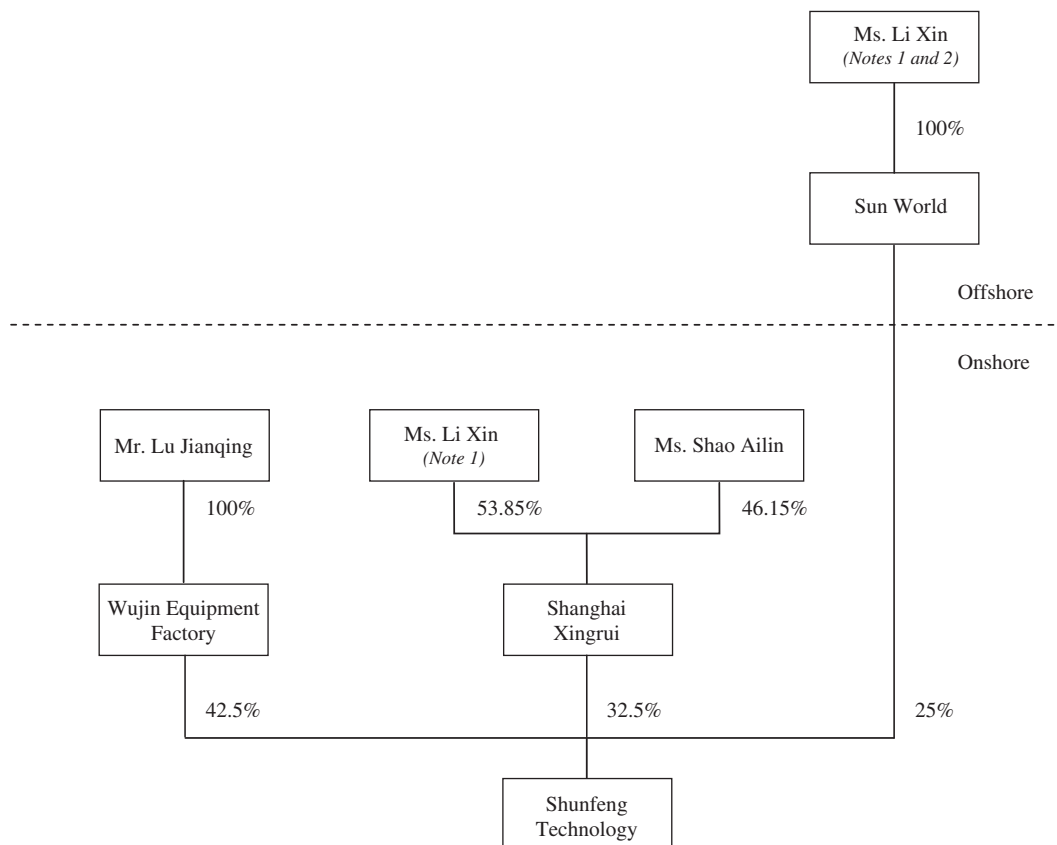
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compliance with the above notice. As a result of the above transfer, Mr. Lu Jianqing's family, Mr. Pan Meng's family and Mr. Qian Kaiming's family effectively owned approximately 42.50%, 42.50% and 15.00%, respectively, of the equity interest in Shunfeng Technology.

*Consideration.* The consideration for this equity transfer was RMB9.75 million in cash which was fully paid on 9 September 2006. This transaction was financed by a shareholder's loan of RMB4,499,625 from Ms. Shao Ailin and a shareholder's loan of RMB5,250,375 from Ms. Li Xin. Ms. Shao Ailin financed her loan to Shanghai Xingrui with the personal savings of herself and Mr. Qian Kaiming.

*Basis of Consideration.* The consideration for the equity transfer was determined with reference to the registered capital of Shunfeng Technology of RMB30.0 million.

The simplified shareholding structure of Shunfeng Technology immediately after the equity transfer above was as follows:



*Notes:*

- (1) Ms. Li Xin held an equity interest in Shunfeng Technology through Shanghai Xingrui and Sun World.
- (2) Ms. Li Xin was the beneficial owner of the entire issued share capital of Sun World, 1% of which was held by Mr. Kang Yu on trust for her.

### ***Restructuring in Contemplation of Potential Investments***

Shunfeng Technology engaged in discussions with potential investors in early 2007. Because additional capital contributions may dilute Sun World's shareholding percentage to less than 25%, making Shunfeng Technology ineligible for the preferential tax rates applicable to sino-foreign joint ventures under relevant PRC laws, Shunfeng Technology and its shareholders undertook the following transactions to ensure that Sun World

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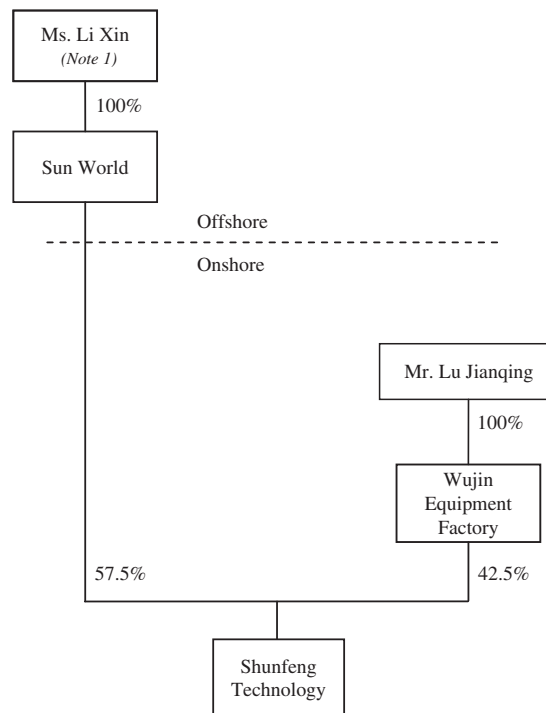
would hold at least 25% of the equity interest of Shunfeng Technology in the event of additional capital contributions as well as to simplify the shareholding structure of Shunfeng Technology:

- (1) *Transaction.* Sun World acquired 32.50% of the equity interest in Shunfeng Technology from Shanghai Xingrui. As a result of such transfer, Sun World's equity interest in Shunfeng Technology increased to 57.50% and Shanghai Xingrui ceased to be a shareholder of Shunfeng Technology. This equity transfer was completed when it was registered with the local administration of industry and commerce on 12 June 2007.

*Consideration.* The consideration for this equity transfer was RMB9.75 million in cash which was fully paid on 10 January 2007. Sun World acquired the equity interest with a shareholder's loan in Hong Kong dollars equivalent to RMB9.75 million from Ms. Li Xin. Such shareholder's loan remained outstanding as of the Latest Practicable Date, is repayable by Sun World and is expected to be repaid by Sun World with its internal resources.

*Basis of Consideration.* The consideration for this equity transfer was determined with reference to the registered capital of Shunfeng Technology of RMB30.0 million.

The simplified shareholding structure of Shunfeng Technology immediately after the equity transfer above was as follows:



*Note:*

- (1) Ms. Li Xin was the beneficial owner of the entire issued share capital of Sun World, 1% of which was held by Mr. Kang Yu on trust for her.

- (2) *Transaction.* On 2 August 2007, Mr. Qian Kaiming and Mr. Pan Meng acquired 25.09% and 17.39% of the issued share capital of Sun World from Ms. Li Xin. As advised by our HK legal advisers, Baker & McKenzie, the relevant instruments of transfer in relation to such transfer of shares in Sun World are legal, valid and enforceable. On the same day, Ms. Li Xin transferred 1% of the beneficial interest in the issued share capital of Sun World to Mr. Qian Kaiming, and thereafter Mr. Kang Yu held the aforesaid

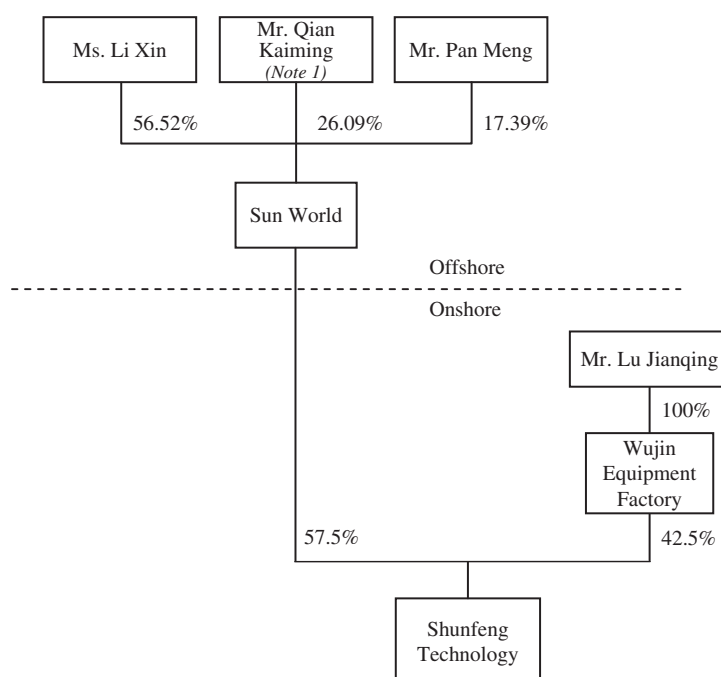
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shares on trust for Mr. Qian Kaiming at no consideration. As advised by our HK legal advisers, Baker & McKenzie, the relevant bought and sold notes in relation to such transfer of shares in SunWorld and the relevant trust document are legal, valid and enforceable.

*Consideration.* The consideration for the acquisition of 25.09% and 17.39% of the issued share capital of Sun World was HK\$2,509 and HK\$1,739 in cash, respectively, and Mr. Qian Kaiming and Mr. Pan Meng purchased the same with their own funds and the consideration for both transactions was fully paid on 2 August 2007. The consideration for the transfer of the 1% beneficial interest in the issued share capital of Sun World was HK\$100 in cash, and Mr. Qian Kaiming purchased the same with his own funds and the consideration was fully paid on 2 August 2007.

*Basis of Consideration.* Since the transfer of shares and beneficial interest in Sun World was only a step to re-achieve the agreed shareholding percentages in Shunfeng Technology among Mr. Lu Jianqing’s family, Mr. Pan Meng’s family and Mr. Qian Kaiming’s family according to the Mutual Understanding among Mr. Lu Jianqing, Mr. Pan Meng and Mr. Qian Kaiming, the consideration for such transfer of shares and beneficial interest was nominal.

The simplified shareholding structure of Shunfeng Technology immediately after the equity transfer above was as follows:



*Note:*

(1) 1% of the issued share capital of Sun World was held by Mr. Kang Yu on trust for Mr. Qian Kaiming.

### ***Investment by the Three Domestic Venture Capitalists***

*Transaction.* In order to finance its expansion, Shunfeng Technology increased its registered capital from RMB30.0 million to RMB43.6364 million and Shenzhen Oriental Fortune Capital Venture Capital Enterprise (深圳市東方富海創業投資企業) (“Oriental Fortune Capital”), Shanghai Orica Vigor Venture Capital Co., Ltd. (上海奧銳萬嘉創業投資有限公司) (“Orica Vigor”) and Shanghai Lianyang Investment Management Co., Ltd. (上海連陽投資管理有限公司) (“Lianyang Investment” and together with Oriental Fortune Capital and Orica

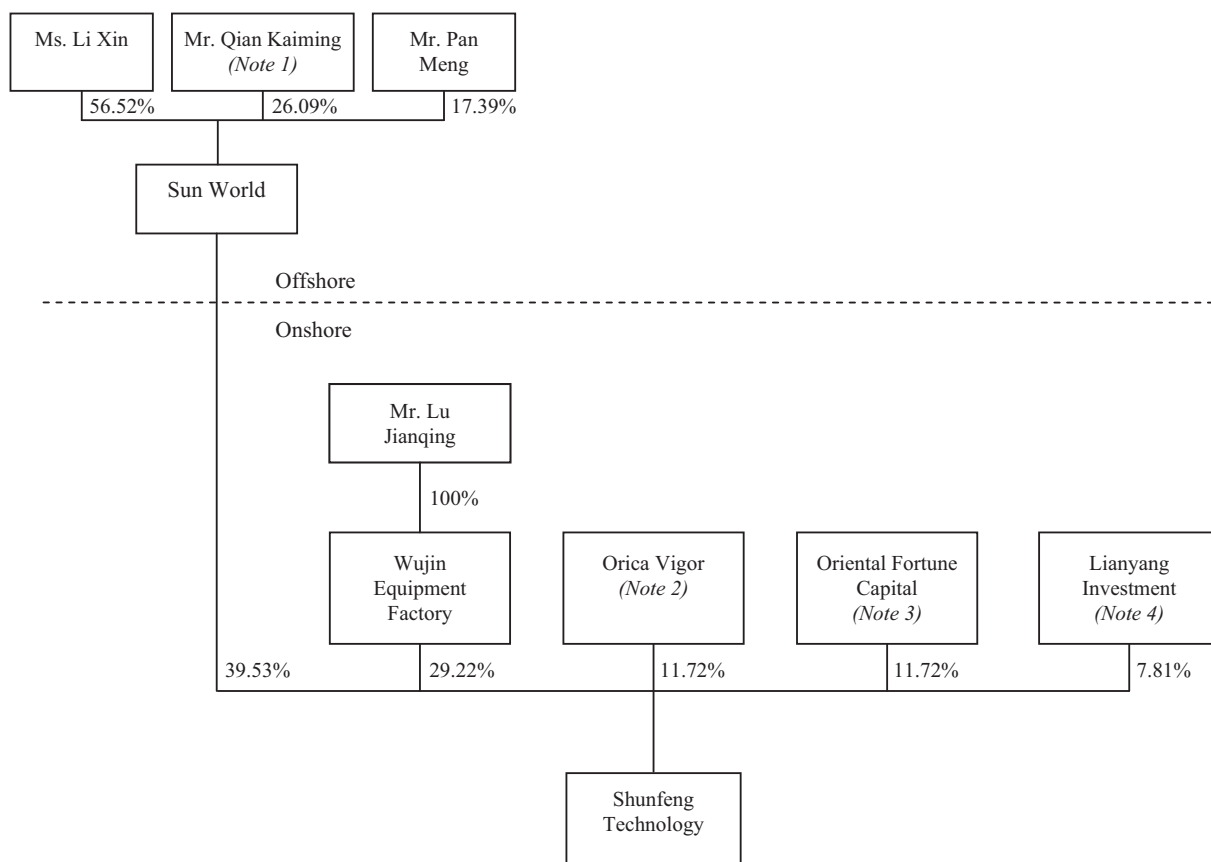
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Vigor, the “Three Domestic Venture Capitalists”) subscribed for 31.25% of the newly issued equity interest in Shunfeng Technology. The capital increase and equity transfer were completed when they were registered with the local administration of industry and commerce on 28 December 2007. As a result of the investment by the Three Domestic Venture Capitalists, the equity interest held by Sun World and Wujin Equipment Factory in Shunfeng Technology was diluted to 39.53% and 29.22%, respectively. Each of Oriental Fortune Capital and Orica Vigor appointed one of the five directors of Shunfeng Technology subsequent to its investment. According to the articles of association of Shunfeng Technology that became effective on 24 December 2007, approval of all directors attending the meeting of the board of directors is required under certain circumstances such as amending the articles of association, increasing or decreasing the registered capital and merging with other companies, and approval of four fifths of the directors attending the meeting of the board of directors is required for certain other matters. The Three Domestic Venture Capitalists had no other special rights with respect to Shunfeng Technology or any other member of our Group. The Three Domestic Venture Capitalists have no relationship with Shunfeng Technology, Sun World, or the shareholders of Shunfeng Technology or Sun World other than as disclosed in this paragraph.

*Consideration.* The aggregate consideration for these transactions was RMB50.0 million in cash which was fully paid on 28 December 2007.

*Basis of Consideration.* The consideration for this equity interest subscription was determined with reference to the estimated net profit of Shunfeng Technology for 2007 multiplied by a multiple agreed to among Shunfeng Technology and Three Domestic Venture Capitalists.

The simplified shareholding structure of Shunfeng Technology immediately after the equity transfer and capital increase above was as follows:





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*Notes:*

- (1) 1% of the issued share capital of Sun World was held by Mr. Kang Yu on trust for Mr. Qian Kaiming.
- (2) Oriental Fortune Capital is a venture capital fund that primarily engages in venture capital investments and providing related consulting services. It is formed as a limited partnership in Shenzhen City, the PRC with a registered capital of RMB900 million. Its ultimate shareholder(s) during the relevant period of time was (were) not available to the public.
- (3) Orica Vigor is a venture capital fund that primarily engages in venture capital investments and providing related consulting and management services. It is a limited liability company in Shanghai Municipality, the PRC with a registered capital of RMB410 million. Its ultimate shareholder(s) during the relevant period of time was (were) not available to the public.
- (4) Lianyang Investment is a venture capital fund that primarily engages in investment management and providing management and financial consulting services for enterprises. It is a limited liability company incorporated in Shanghai Municipality, the PRC with a registered capital of RMB1 million. Its ultimate shareholder(s) during the relevant period of time was (were) not available to the public.

### *Acquisition of 1% Interest in Sun World by Mr. Kang Yu*

- (1) *Transaction.* In June 2009, in order to recognize Mr. Kang Yu for his previous contributions in holding shares in Sun World on trust for Ms. Li Xin and Mr. Qian Kaiming, Ms. Li Xin, Mr. Pan Meng (husband of Ms. Li Xin) and Mr. Qian Kaiming verbally agreed with Mr. Kang Yu to sell to him approximately 1% of their respective shareholding (i.e. 56 shares, 18 shares and 26 shares, respectively) in Sun World. As 100 shares of Sun World were already held by Mr. Kang Yu on trust for Mr. Qian Kaiming, for convenience sake, the parties agreed that Mr. Qian Kaiming shall transfer the beneficial interest in those 100 shares directly to Mr. Kang Yu, and thereafter Ms. Li Xin shall transfer 74 shares (i.e. the sum of the shares that should be transferred to Mr. Kang Yu from Ms. Li Xin and her husband, Mr. Pan Meng) to Mr. Qian Kaiming. In effect, Mr. Qian Kaiming's shareholding in Sun World will be reduced by 26 shares. On 8 October 2009, pursuant to the aforesaid verbal agreement, Mr. Qian Kaiming transferred the beneficial interest in those 100 shares to Mr. Kang Yu. As advised by our HK legal advisers, Baker & McKenzie, the relevant bought and sold notes in relation to such transfer of shares in Sun World are legal, valid and enforceable.

*Consideration.* The consideration for such transfer of beneficial interest was RMB711,540 in cash (of which RMB185,000.40 was paid to Mr. Qian Kaiming, and RMB526,539.60 was paid to Ms. Li Xin as designated by Mr. Qian Kaiming), and Mr. Kang Yu purchased the said beneficial interest with his own funds and the consideration was fully paid on 30 June 2009, shortly after the relevant parties had reached the verbal agreement in June 2009 as described in paragraph (1) above.

*Basis of Consideration.* The consideration for such transfer of shares in Sun World was determined with reference to (i) the 39.53% equity interest in Shunfeng Technology held by Sun World based on the unaudited net asset value of Shunfeng Technology as of 31 May 2009, which was RMB165,602,557.70; (ii) the management accounts of Sun World as of 31 May 2009; (iii) an agreed premium of approximately 27.6%; and (iv) the future prospects of Shunfeng Technology.

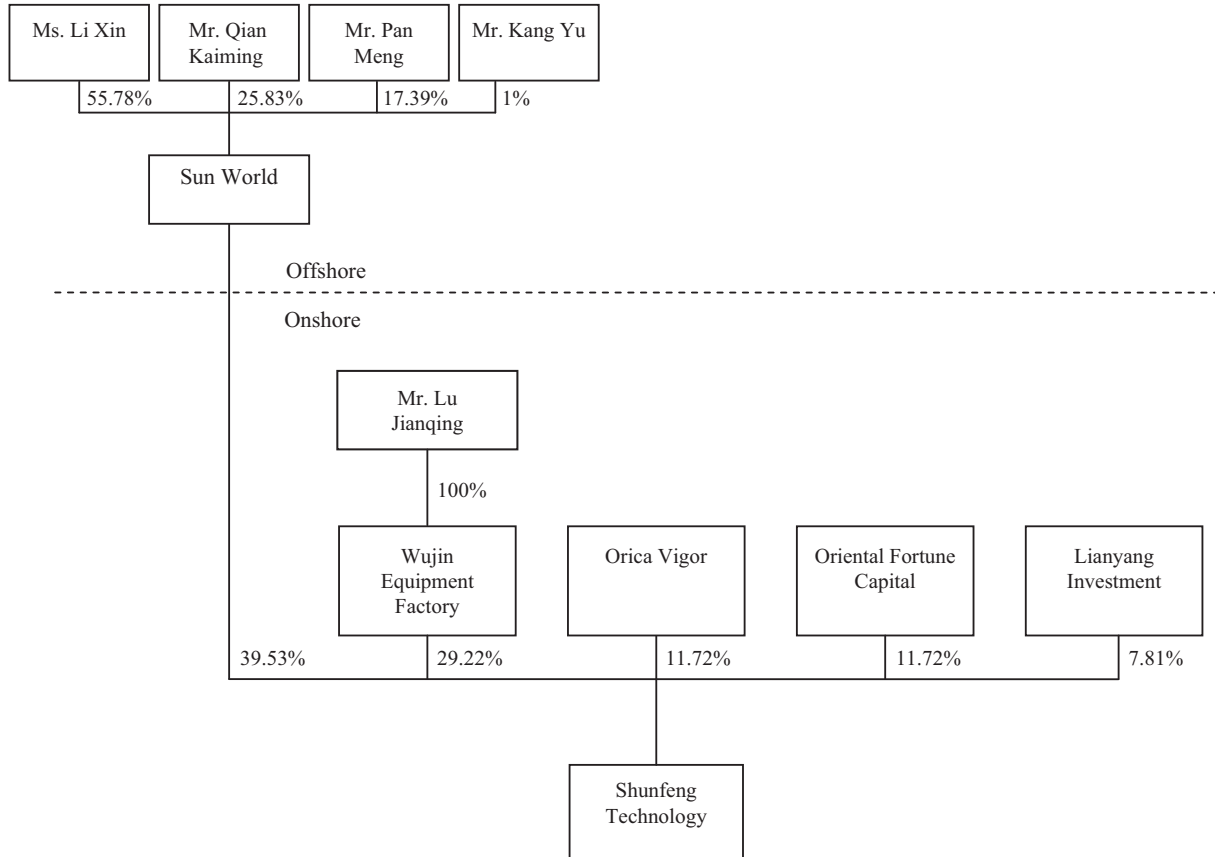
- (2) *Transaction.* On 8 October 2009, pursuant to the aforesaid verbal agreement, Ms. Li Xin transferred 0.74% of the issued share capital of Sun World (i.e. 74 shares) to Mr. Qian Kaiming. As advised by our HK legal advisers, Baker & McKenzie, the instrument of transfer in relation to such transfer of shares in Sun World is legal, valid and enforceable.

*Consideration.* The consideration for the transfer of such 0.74% shareholding was HK\$74 in cash and Mr. Qian Kaiming purchased the said shares with his own funds and the consideration was fully paid on 8 October 2009.

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*Basis of Consideration.* In light of the aforesaid verbal agreement, the consideration for such transfer of shares in Sun World was just nominal as Ms. Li Xin had already received the relevant consideration (i.e. RMB526,539.60) from Mr. Kang Yu, as mentioned in (1) above.

The simplified shareholding structure of Shunfeng Technology immediately after the share transfers above was as follows:



### ***Disposal of Interest in Sun World by Ms. Li Xin and Mr. Pan Meng***

On 9 October 2009, Ms. Li Xin and Mr. Pan Meng disposed of all of their interest in Shunfeng Technology in order to realize their investments in Shunfeng Technology to satisfy their personal financial needs.

- (1) *Transaction.* Ms. Li Xin transferred 36.41% and 19.37% of the issued share capital of Sun World to Mr. Qian Kaiming and Mr. Kang Yu, respectively on 9 October 2009. As advised by our HK legal advisers, Baker & McKenzie, the relevant instruments of transfer in relation to such transfer of shares in Sun World are legal, valid and enforceable.

*Consideration.* The consideration for the transfer of such 36.41% shareholding was (i) HK\$3,641 in cash; and (ii) repayment by Mr. Qian Kaiming of a debt owed by Ms. Li Xin to an Independent Third Party, in the sum of RMB19,904,332.3. The consideration for the transfer of such 19.37% shareholding was (a) HK\$1,937 in cash; and (b) repayment by Mr. Kang Yu of a debt owed by Ms. Li Xin to the same Independent Third Party as described in (ii) above, in the sum of RMB10,589,039.2. The debt owed by Ms. Li Xin to such Independent Third Party was not in any way connected to or used for the previous

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acquisition of her interest in the Group. Mr. Qian Kaiming and Mr. Kang Yu purchased the said shares with their own funds and the consideration for both transactions was fully paid on 9 October 2009.

*Basis of Consideration.* The consideration for such transfer of shares was determined with reference to (i) the 39.53% equity interest in Shunfeng Technology held by Sun World based on the unaudited net asset value of Shunfeng Technology as of 30 September 2009, which was RMB185,800,654.60; (ii) the management accounts of Sun World as of 30 September 2009; and (iii) an agreed discount of approximately 8.7%.

- (2) *Transaction.* On the same day, Mr. Pan Meng transferred 17.39% of the issued share capital of Sun World to Mr. Kang Yu. As advised by our HK legal advisers, Baker & McKenzie, the relevant instruments of transfer in relation to such transfer of shares in Sun World are legal, valid and enforceable.

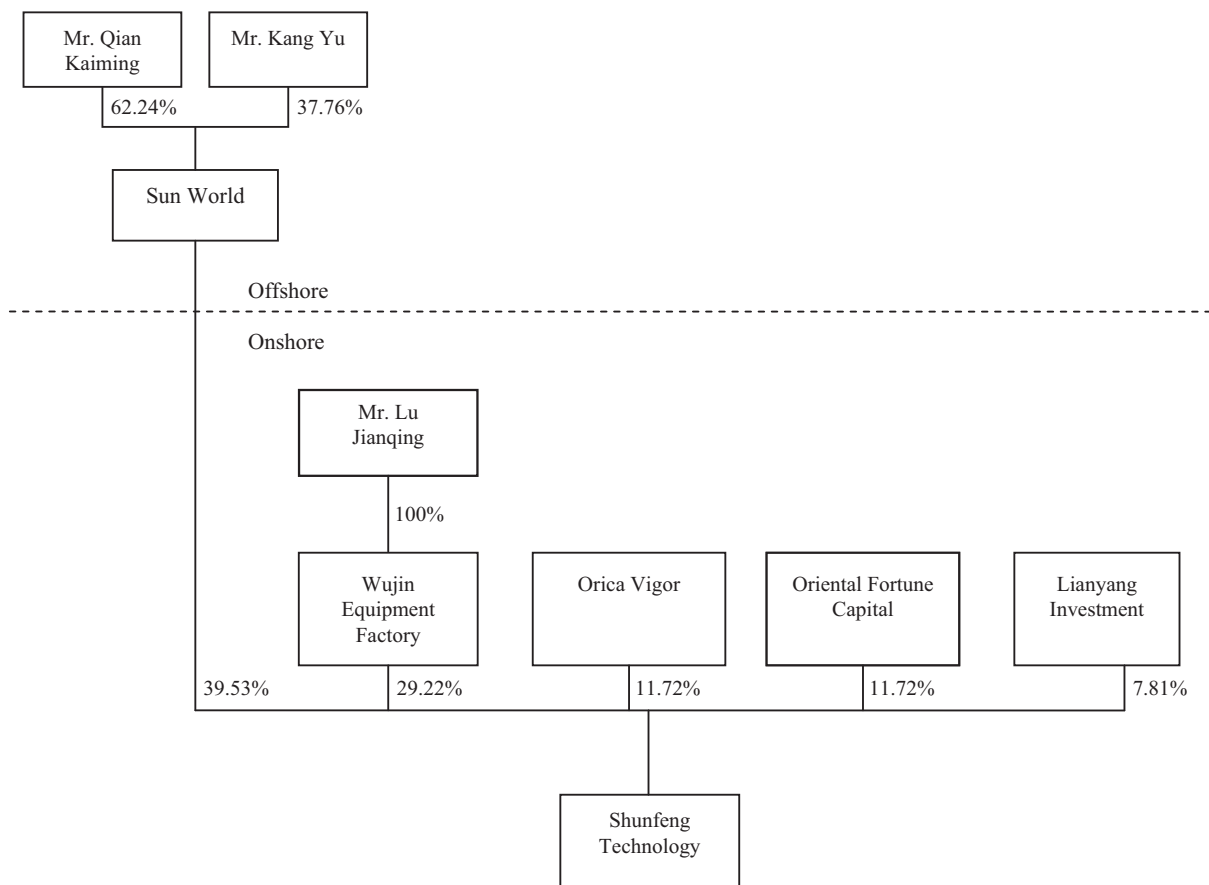
*Consideration.* The consideration for such transfer of shares was (i) HK\$1,739 in cash; and (ii) repayment by Mr. Kang Yu of a debt owed by Mr. Pan Meng to the same Independent Third Party as described in paragraph (1) above, in the sum of RMB9,506,628.4. The debt owed by Mr. Pan Meng to such Independent Third Party was not in any way connected to or used for the previous acquisition of his interest in the Group. Mr. Kang Yu purchased the said shares with his own funds and the consideration was fully paid on 9 October 2009.

*Basis of Consideration.* The consideration for such transfer of shares was determined with reference to (i) the 39.53% equity interest in Shunfeng Technology held by Sun World based on the unaudited net asset value of Shunfeng Technology as of 30 September 2009, which was RMB185,800,654.60; (ii) the management accounts of Sun World as of 30 September 2009; and (iii) an agreed discount of approximately 8.7%.

As a result of these transactions, Ms. Li Xin and Mr. Pan Meng ceased to be shareholders of Sun World and ceased to have any interest in Shunfeng Technology, and Mr. Qian Kaiming and Mr. Kang Yu became holders of 62.24% and 37.76% of the beneficial interest in the issued share capital of Sun World, respectively.

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The simplified shareholding structure of Shunfeng Technology immediately after the share transfers above was as follows:



### ***Acquisition of the Entire Issued Share Capital of Sun World by Mr. Tang Guoqiang***

**Transaction.** Upon knowing the potential investment opportunity in Shunfeng Technology through a friend (an Independent Third Party who does not have any business relationship with the Company) and recognizing the significant growth potential of the solar cell industry, Mr. Tang Guoqiang decided to invest in Shunfeng Technology and Mr. Qian Kaiming and Mr. Kang Yu decided to dispose of their shares in Sun World to Mr. Tang Guoqiang at an agreed price. Therefore, on 10 October 2009, Mr. Qian Kaiming and Mr. Kang Yu transferred 62.24% and 37.76% of the beneficial interest in the issued share capital of Sun World to Mr. Tang Guoqiang, respectively, and thereafter Mr. Qian Kaiming and Mr. Kang Yu held the aforesaid shares on trust for Mr. Tang Guoqiang at no consideration. The reason why Mr. Qian Kaiming and Mr. Kang Yu disposed of their interests in Sun World the day after they acquired additional interests from Ms. Li Xin and Mr. Pan Meng was that, when Mr. Tang Guoqiang negotiated with Mr. Qian Kaiming and Mr. Kang Yu regarding the acquisition of shares in Sun World, he wanted to acquire the entire issued share capital. Given that Mr. Qian Kaiming and Mr. Kang Yu did not own the entire issued share capital of Sun World at the relevant time, they first had to buy out the shares owned by Ms. Li Xin and Mr. Pan Meng on 9 October 2009, before they were able to transfer the beneficial interest in the entire issued share capital of Sun World to Mr. Tang Guoqiang on 10 October 2009. The reason why Mr. Tang Guoqiang did not acquire shares in Sun World directly from Ms. Li Xin and Mr. Pan Meng was that he has no personal acquaintance with either Ms. Li Xin or Mr. Pan Meng. As advised by our HK legal advisers, Baker & McKenzie, the transfer of beneficial interest in the

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entire issued share capital of Sun World under the relevant sale and purchase agreements became effective on 10 October 2009, and such agreements together with the relevant trust document are legal, valid and enforceable.

*Consideration.* The consideration for such transfer of beneficial interest was approximately RMB44.3 million and RMB26.9 million in cash, respectively. Mr. Tang Guoqiang purchased the said beneficial interest with his own funds and the consideration was fully paid on 25 June 2010.

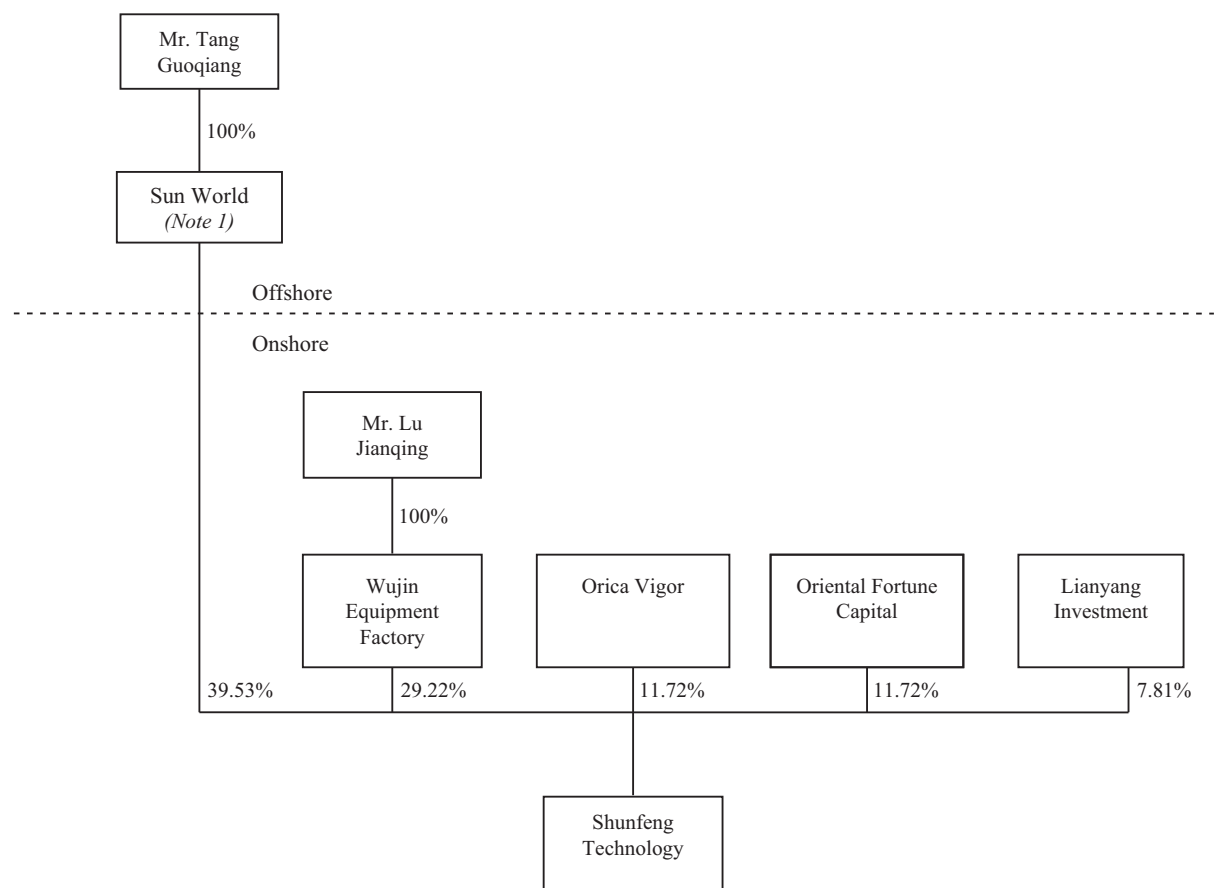
*Basis of Consideration.* The consideration for such transfer of beneficial interest was determined with reference to (i) the 39.53% equity interest in Shunfeng Technology held by Sun World based on the unaudited net asset value of Shunfeng Technology as of 30 September 2009, which was RMB185,800,654.60; (ii) the management accounts of Sun World as of 30 September 2009; (iii) an agreed premium; and (iv) the future prospects of Shunfeng Technology.

*Reasons for the Trust Arrangement.* The commercial reasons for the trust arrangement were (i) to avoid change and enhance stability, in particular, Mr. Qian Kaiming was at the time also a director and the deputy general manager of Shunfeng Technology; (ii) Mr. Tang Guoqiang personally preferred to maintain a low profile; and (iii) Mr. Tang Guoqiang has strong trust and confidence in the trustees (i.e. Mr. Qian Kaiming and Mr. Kang Yu) since Mr. Tang Guoqiang has been a close friend of the elder brother of Mr. Qian Kaiming since 1996, and Mr. Qian Kaiming and Mr. Kang Yu have also been close friends since 2005.

After becoming the single largest shareholder of Shunfeng Technology through his 100% beneficial interest in Sun World since 10 October 2009, Mr. Tang Guoqiang appointed Mr. Kang Yu, a director of Sun World at the time, instead of himself to replace Mr. Pan Meng as a director of Shunfeng Technology for the following reasons: (i) since he was a new shareholder of Shunfeng Technology, he would like to gain more knowledge about this company during the transition period (i.e. from 10 October 2009 to 1 April 2010) before appointing himself as a director of Shunfeng Technology to oversee its day-to-day business; and (ii) Mr. Tang Guoqiang personally preferred to maintain a low profile. Although Mr. Tang Guoqiang was not a director of Shunfeng Technology during such transition period, he exercised control and exerted substantial influence over the management, operations and development of Shunfeng Technology as illustrated by the following incidents: (i) Mr. Tang Guoqiang was the person in charge with full authority for preparing the feasibility study relating to the proposed listing of Shunfeng Technology since late January 2010; (ii) Mr. Tang Guoqiang, in his capacity as the chief negotiator, led the directors of Shunfeng Technology in a series of negotiations with the government officials of Wujin Hi-tech Industrial Development Zone in Jiangsu Province for an important investment project relating to the setting up of monocrystalline solar cells manufacturing lines, with an initial investment in the amount of not less than RMB500 million, in the fourth quarter of 2009. On 25 December 2009, Mr. Tang Guoqiang, as a representative of Shunfeng Technology, concluded and executed a memorandum with Wujin Hi-tech Industrial Development Zone in relation to such project; and (iii) since late January 2010, Mr. Tang Guoqiang has been the person in charge with full authority for the overall management of the construction, financing and production expansion of Shunfeng Technology in Wujin Hi-tech Industrial Development Zone, with the assistance of Mr. Lu Jianqing.

## HISTORY AND CORPORATE STRUCTURE

The simplified shareholding structure of Shunfeng Technology immediately after the share transfer above was as follows:



*Notes:*

- (1) Since 10 October 2009, the entire issued share capital of Sun World was held by Mr. Qian Kaiming and Mr. Kang Yu on trust for and on behalf of Mr. Tang Guoqiang.

### ***Investment by Mingri Investment, Tianyou Iron Steel, Datang Investment and Tianjian Consulting***

*Transaction.* The Three Domestic Venture Capitalists divested their respective equity interest in Shunfeng Technology to Mingri Investment, Tianyou Iron Steel and Datang Investment on 23 April 2010. In addition, Wujin Equipment Factory transferred 16.22% of the equity interest in Shunfeng Technology to Tianjian Consulting on the same day. Mingri Investment was established by Mr. Shi Jianmin (史建敏) and Mr. Fang Weijie (方偉杰), two PRC citizens, as an investment holding company in China in April 2010 to invest in Shunfeng Technology. Tianyou Iron Steel was established by Mr. Zhao Zhengya (趙政亞) and Mr. Chen Haorong (陳浩榮), two PRC citizens, as an investment holding company in China in March 2010, primarily to invest in Shunfeng Technology. Datang Investment was established by Mr. Di Jianhui (狄建輝) and Mr. Wang Yichun (王一春), two PRC citizens, as an investment holding company in China in March 2010 to invest in Shunfeng Technology. In anticipation of the investment by Mingri Investment, Tianyou Iron Steel and Datang Investment in Shunfeng Technology, on 1 April 2010, Shunfeng Technology appointed Mr. Shi Jianmin as the deputy general manager, Mr. Zhao Zhengya as a supervisor and Mr. Wang Yichun as a supervisor. Tianjian Consulting was established by Mr. Zhao Jianzhong (趙建中) and Mr. Pan Guorong (潘國榮), two PRC citizens, as an investment holding company in China in March

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## HISTORY AND CORPORATE STRUCTURE

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2010, primarily to invest in Shunfeng Technology. Tianjian Consulting had the right to appoint one of the five directors of Shunfeng Technology according to the agreement among Shunfeng Technology, Wujin Equipment Factory, Sun World, Mingri Investment, Tianyou Iron Steel, Datang Investment and Tianjian Consulting. Tianjian Consulting appointed Mr. Tang Guoqiang as a director of Shunfeng Technology on 1 April 2010, before the transaction was completed. Tianjian Consulting's right to appoint a director has been terminated since Shunfeng Holdings acquired Shunfeng Technology. See “— Restructuring.” Mr. Shi Jianmin, Mr. Fang Weijie, Mr. Zhao Zhengya, Mr. Chen Haorong, Mr. Di Jianhui, Mr. Wang Yichun, Mr. Zhao Jianzhong and Mr. Pan Guorong were friends of Mr. Tang Guoqiang before their investment in Shunfeng Technology. Mingri Investment, Tianyou Iron Steel, Datang Investment and Tianjian Consulting had no relationship with the Three Domestic Venture Capitalists, Shunfeng Technology, Sun World, or the shareholders or senior management of Shunfeng Technology or Sun World other than as disclosed in this paragraph.

*Consideration.* The aggregate consideration for these transactions was RMB106.33 million in cash, including RMB70 million payable to the Three Domestic Venture Capitalists and RMB36.33 million payable to Wujin Equipment Factory. The price paid by Mingri Investment, Tianyou Iron Steel, Datang Investment and Tianjian Consulting is equivalent to an effective investment cost per Share of approximately RMB0.14 (equivalent to HK\$0.17) after completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, which represents a discount of approximately 86.29% to the mid-point of the indicative Offer Price range at HK\$1.26 per Share. The consideration was fully paid on 27 April 2010.

*Basis of Consideration.* The consideration for these equity transfers was determined with reference to the audited net asset value of Shunfeng Technology as of 31 December 2009, which was RMB203,959,727.38.

For the simplified shareholding structure of Shunfeng Technology immediately after the equity transfer above, see “— Restructuring.”

As a result of the above transactions, as of 23 April 2010, the registered capital of Shunfeng Technology totalled RMB43.6364 million, and Wujin Equipment Factory, Sun World, Tianjian Consulting, Mingri Investment, Tianyou Iron Steel and Datang Investment held 13%, 39.53%, 16.22%, 11.72%, 11.72% and 7.81%, respectively, of the equity interest of Shunfeng Technology. Mr. Lu Jianqing, Mr. Pan Meng, Mr. Qian Kaiming, Ms. Li Xin, Ms. Shao Ailin, Mr. Tang Guoqiang, Mr. Shi Jianmin, Mr. Fang Weijie, Mr. Zhao Zhengya, Mr. Chen Haorong, Mr. Di Jianhui, Mr. Wang Yichun, Mr. Zhao Jianzhong and Mr. Pan Guorong are all residents of either Changzhou City or its vicinity areas in Jiangsu Province and to our knowledge, none of Mr. Shi Jianmin, Mr. Fang Weijie, Mr. Zhao Zhengya, Mr. Chen Haorong, Mr. Di Jianhui, Mr. Wang Yichun, Mr. Zhao Jianzhong and Mr. Pan Guorong had ever been employed by a competitor of the Company before Mingri Investment, Tianyou Iron Steel, Datang Investment and Tianjian Consulting became shareholders of Shunfeng Technology.



## HISTORY AND CORPORATE STRUCTURE

The following table sets forth the ultimate shareholders and their respective equity interest in Shunfeng Technology during the periods indicated:

Time period	Ultimate shareholders and their respective equity interest in Shunfeng Technology (Note 1)									
10/10/2005 to 24/7/2006	Mr. Lu Jianqing 50% (directly held)	Mr. Pan Meng 50% (directly held)								
25/7/2006 to 30/10/2006	Mr. Lu Jianqing 75% (Note 2)	Ms. Li Xin 25% (Note 2)								
31/10/2006 to 11/6/2007	Ms. Li Xin 42.50% (Note 3)	Mr. Lu Jianqing 42.50%	Ms. Shao Ailin 15.00%							
12/6/2007 to 1/8/2007	Ms. Li Xin 57.5% (Note 4)	Mr. Lu Jianqing 42.5%								
2/8/2007 to 27/12/2007	Mr. Lu Jianqing 42.5%	Ms. Li Xin 32.50% (Note 5)	Mr. Qian Kaiming 15.00% (Note 5)	Mr. Pan Meng 10.00% (Note 5)						
28/12/2007 to 7/10/2009	Mr. Lu Jianqing 29.22%	Ms. Li Xin 22.34% (Note 6)	Mr. Qian Kaiming 10.31% (Note 6)	Mr. Pan Meng 6.87% (Note 6)	Oriental Fortune Capital 11.72% (directly held) (Note 7)	Orica Vigor 11.72% (directly held) (Note 8)	Lianyang Investment 7.81% (directly held) (Note 9)			
8/10/2009	Mr. Lu Jianqing 29.22%	Ms. Li Xin 22.05% (Note 10)	Mr. Qian Kaiming 10.21% (Note 10)	Mr. Pan Meng 6.87% (Note 10)	Mr. Kang Yu 0.40% (Note 10)	Oriental Fortune Capital 11.72% (directly held) (Note 7)	Orica Vigor 11.72% (directly held) (Note 8)	Lianyang Investment 7.81% (directly held) (Note 9)		
9/10/2009	Mr. Lu Jianqing 29.22%	Mr. Qian Kaiming 24.60%	Mr. Kang Yu 14.93%	Oriental Fortune Capital 11.72% (directly held) (Note 7)	Orica Vigor 11.72% (directly held) (Note 8)	Lianyang Investment 7.81% (directly held) (Note 9)				
10/10/2009 to 22/4/2010	Mr. Tang Guoqiang 39.53% (Note 11)	Mr. Lu Jianqing 29.22%	Oriental Fortune Capital 11.72% (directly held) (Note 7)	Orica Vigor 11.72% (directly held) (Note 8)	Lianyang Investment 7.81% (directly held) (Note 9)					
23/4/2010 to immediately before the Restructuring	Mr. Tang Guoqiang 39.53% (Note 11)	Mr. Zhao Jianzhong 14.60%	Mr. Lu Jianqing 13%	Mr. Chen Haorong 10.55%	Mr. Fang Weijie 9.96%	Mr. Di Jianhui 7.03%	Mr. Shi Jianmin 1.76%	Mr. Pan Guorong 1.62%	Mr. Zhao Zhengya 1.17%	Mr. Wang Yichun 0.78%

**Notes:**

- (1) Unless otherwise stated, all the equity interests referred to in this table were held by the relevant shareholders through companies owned by them and therefore these percentage figures reflect their respective indirect attributable interests in Shunfeng Technology through such companies.
- (2) A 25% equity interest in Shunfeng Technology was directly held by Sun World. In turn, Ms. Li Xin was the beneficial owner of the entire issued share capital of Sun World, 1% of which was held by Mr. Kang Yu on trust for Ms. Li Xin.
- (3) A 25% equity interest in Shunfeng Technology was directly held by Sun World and a 32.5% equity interest in Shunfeng Technology was directly held by Shanghai Xingrui. In turn, Ms. Li Xin was the beneficial owner of the entire issued share capital of Sun World, 1% of which was held by Mr. Kang Yu on trust for Ms. Li Xin, and Ms. Li Xin held 53.85% of the equity interest in Shanghai Xingrui. Therefore, Ms. Li Xin held, directly or indirectly, an aggregate 42.50% equity interest in Shunfeng Technology.
- (4) A 57.5% equity interest in Shunfeng Technology was directly held by Sun World. In turn, Ms. Li Xin was the beneficial owner of the entire issued share capital of Sun World, 1% of which was held by Mr. Kang Yu on trust for Ms. Li Xin.
- (5) A 57.5% equity interest in Shunfeng Technology was directly held by Sun World. In turn, the issued share capital of Sun World was beneficially owned as to 56.52% by Ms. Li Xin, 26.09% by Mr. Qian Kaiming (1% of which was held by Mr. Kang Yu on trust for Mr. Qian Kaiming) and 17.39% by Mr. Pan Meng.
- (6) A 39.53% equity interest in Shunfeng Technology was directly held by Sun World. In turn, the issued share capital of Sun World was beneficially owned as to 56.52% by Ms. Li Xin, 26.09% by Mr. Qian Kaiming (1% of which was held by Mr. Kang Yu on trust for Mr. Qian Kaiming) and 17.39% by Mr. Pan Meng.
- (7) Oriental Fortune Capital is a venture capital fund that primarily engages in venture capital investments and providing related consulting services. It is formed as a limited partnership in Shenzhen City, the PRC with a registered capital of RMB900 million. Its ultimate shareholder(s) during the relevant period of time was (were) not available to the public.



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## HISTORY AND CORPORATE STRUCTURE

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- (8) Orica Vigor, is a venture capital fund that primarily engages in venture capital investments and providing related consulting and management services. It is a limited liability company in Shanghai Municipality, the PRC with a registered capital of RMB410 million. Its ultimate shareholder(s) during the relevant period of time was (were) not available to the public.
- (9) Lianyang Investment is a venture capital fund that primarily engages in investment management and providing management and financial consulting services for enterprises. It is a limited liability company incorporated in Shanghai Municipality, the PRC with a registered capital of RMB1 million. Its ultimate shareholder(s) during the relevant period of time was (were) not available to the public.
- (10) A 39.53% equity interest in Shunfeng Technology was directly held by Sun World. In turn, the issued share capital of Sun World was beneficially owned as to 55.78% by Ms. Li Xin, 25.83% by Mr. Qian Kaiming, 17.39% by Mr. Pan Meng and 1% by Mr. Kang Yu.
- (11) A 39.53% equity interest in Shunfeng Technology was directly held by Sun World. In turn, the entire issued share capital of Sun World was beneficially owned by Mr. Tang Guoqiang, 62.24% and 37.76% of which was held by Mr. Qian Kaiming and Mr. Kang Yu on trust for Mr. Tang Guoqiang, respectively.

In preparation for the Listing, shareholders of Shunfeng Technology commenced the Restructuring in July 2010. In connection with the Restructuring, our Company was incorporated under the Cayman Islands laws on 6 August 2010. Through a series of transactions during the Restructuring, Shunfeng Technology became our indirect wholly-owned subsidiary through which we conduct substantially all of our business. We hold our equity interest in Shunfeng Technology through Shunfeng Holdings, our direct wholly owned subsidiary and an investment holding company incorporated under the laws of Hong Kong on 16 August 2010. As a result of the Restructuring, Peace Link became our single largest shareholder and holds 39.53% of our issued share capital. Peace Link is wholly owned by Mr. Tang Guoqiang. See “— Restructuring.”

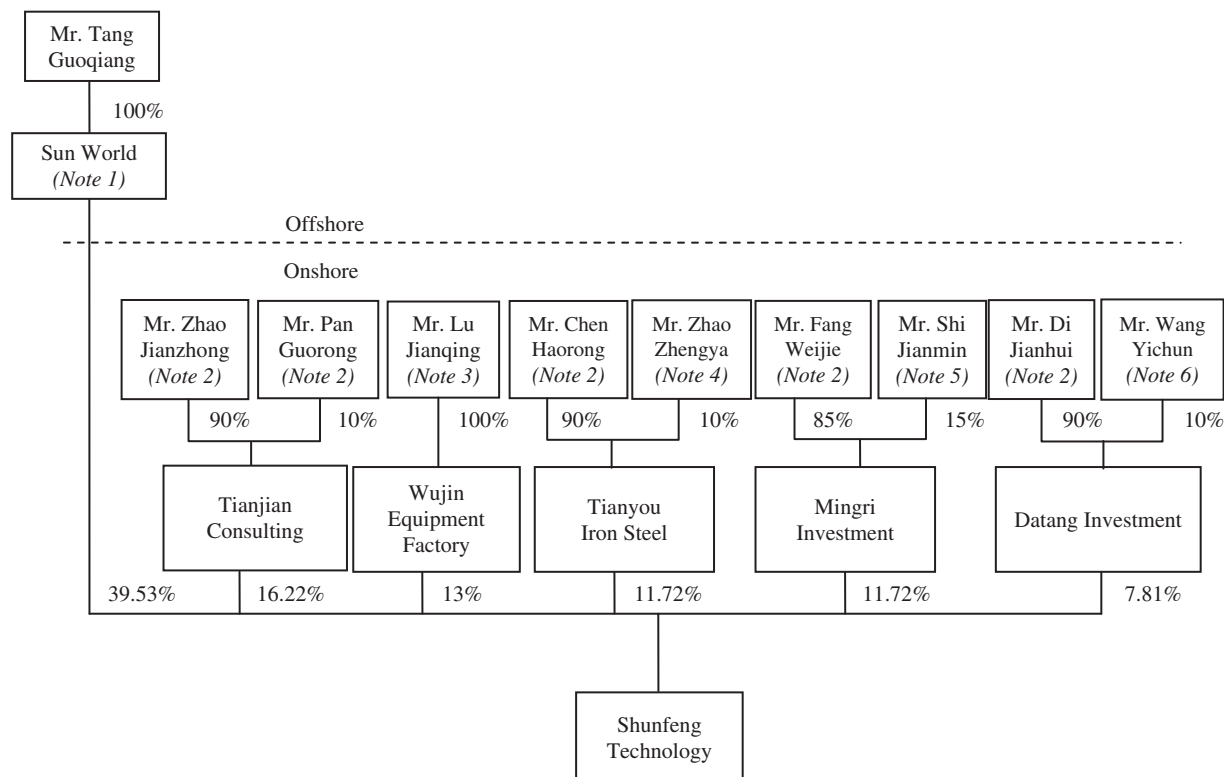
On 21 September 2010, Shunfeng Materials was established as a wholly-owned subsidiary of Shunfeng Technology with an initial registered capital of RMB10.0 million to engage in the manufacturing of silicon wafers. Pursuant to an equity merger agreement and a joint venture contract dated 10 October 2010 entered into between Shunfeng Technology and New Capability Limited, the registered capital of Shunfeng Materials was increased from RMB10 million to RMB220 million, with Shunfeng Technology contributing RMB110 million and New Capability Limited contributing RMB100 million. The capital increase and equity subscription were completed when they were registered with the local administration of industry and commerce on 25 January 2011. After such capital increase and equity subscription, the registered capital of Shunfeng Materials was increased from RMB10 million to RMB220 million, and Shunfeng Technology and New Capability Limited held 54.55% and 45.45% of the equity interest in Shunfeng Materials, respectively. New Capability Limited, a limited liability company incorporated in the British Virgin Islands on 15 October 2009, is wholly owned by Mr. Yan Feng, who is a Canadian citizen and is not involved in the operations and development of the Group. Shunfeng Materials commenced manufacturing silicon wafers in May 2011.

On 29 December 2010, Shunfeng Electronic was established as a wholly-owned subsidiary of Shunfeng Holdings with an initial registered capital of US\$100.0 million to engage in the manufacturing of solar modules.

## HISTORY AND CORPORATE STRUCTURE

### RESTRUCTURING

The simplified shareholding structure of Shunfeng Technology immediately before the Restructuring was as follows:



*Notes:*

- (1) Since 10 October 2009, the entire issued share capital of Sun World has been held by Mr. Qian Kaiming and Mr. Kang Yu on trust for and on behalf of Mr. Tang Guoqiang.
- (2) He is not involved in the operations and development of the Group.
- (3) Mr. Lu Jianqing has been an executive Director of the Company since 6 August 2010.
- (4) Mr. Zhao Zhengya has been a supervisor of Shunfeng Technology since 1 April 2010.
- (5) Mr. Shi Jianmin has been the deputy general manager of Shunfeng Technology since 1 April 2010.
- (6) Mr. Wang Yichun has been a supervisor of Shunfeng Technology since 1 April 2010.

In preparation for the Listing, the Company and shareholders of Shunfeng Technology have undergone the Restructuring, details of which are set out below. As confirmed by King & Wood, our legal advisers as to PRC law, our Restructuring complies with all applicable PRC laws and regulations, and all necessary approvals or permits from relevant PRC regulatory authorities required for the implementation of the Restructuring have been obtained.

#### ***Increase in Registered Capital of Shunfeng Technology***

- (1) Pursuant to a resolution of the board of directors of Shunfeng Technology passed on 8 July 2010, Shunfeng Technology increased its registered capital by capitalizing its undistributed profit in an aggregate amount of RMB123,959,727.4.

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## HISTORY AND CORPORATE STRUCTURE

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### *Transfer of Interest in Shunfeng Technology*

In order to incentivize certain supervisors of Shunfeng Technology (i.e. Mr. Zhao Zhengya and Mr. Wang Yichun) and certain members of senior management of Shunfeng Technology (i.e. Mr. Shi Jianmin, Mr. Qian Kaiming, Mr. Jiang Qi (蔣琦), Mr. Qu Hui (瞿輝), Ms. Tong Caixia (童彩霞) and Ms. Zha Fangxia (查方霞)), they acquired interest in Shunfeng Technology in the manner set out below.

- (2) Transfer of equity interest in certain shareholders of Shunfeng Technology (i.e. Tianyou Iron Steel, Datang Investment and Tianjian Consulting):

- Pursuant to an equity transfer agreement entered into between Mr. Chen Haorong, Mr. Zhao Zhengya and Mr. Shi Jianmin dated 18 July 2010, Mr. Chen Haorong agreed to transfer to Mr. Zhao Zhengya and Mr. Shi Jianmin respectively a 77.20% equity interest and a 12.80% equity interest in Tianyou Iron Steel for a cash consideration of RMB3,860,000.0 and RMB640,000.0, respectively, which was fully paid on 18 July 2010. Mr. Zhao Zhengya and Mr. Shi Jianmin acquired the said equity interest with their own funds.

Immediately before the parties entered into the aforesaid equity transfer agreement, Tianyou Iron Steel had an outstanding payable due to a third party in the sum of RMB21,280,000.

- Pursuant to an equity transfer agreement entered into between Mr. Di Jianhui and Mr. Wang Yichun dated 18 July 2010, Mr. Di Jianhui agreed to transfer to Mr. Wang Yichun a 90% equity interest in Datang Investment for a cash consideration of RMB4,500,000.0 and which was fully paid on 19 July 2010. Mr. Wang Yichun acquired the said equity interest with his own funds.

Immediately before the parties entered into the aforesaid equity transfer agreement, Datang Investment had an outstanding payable due to a third party in the sum of RMB12,550,000.

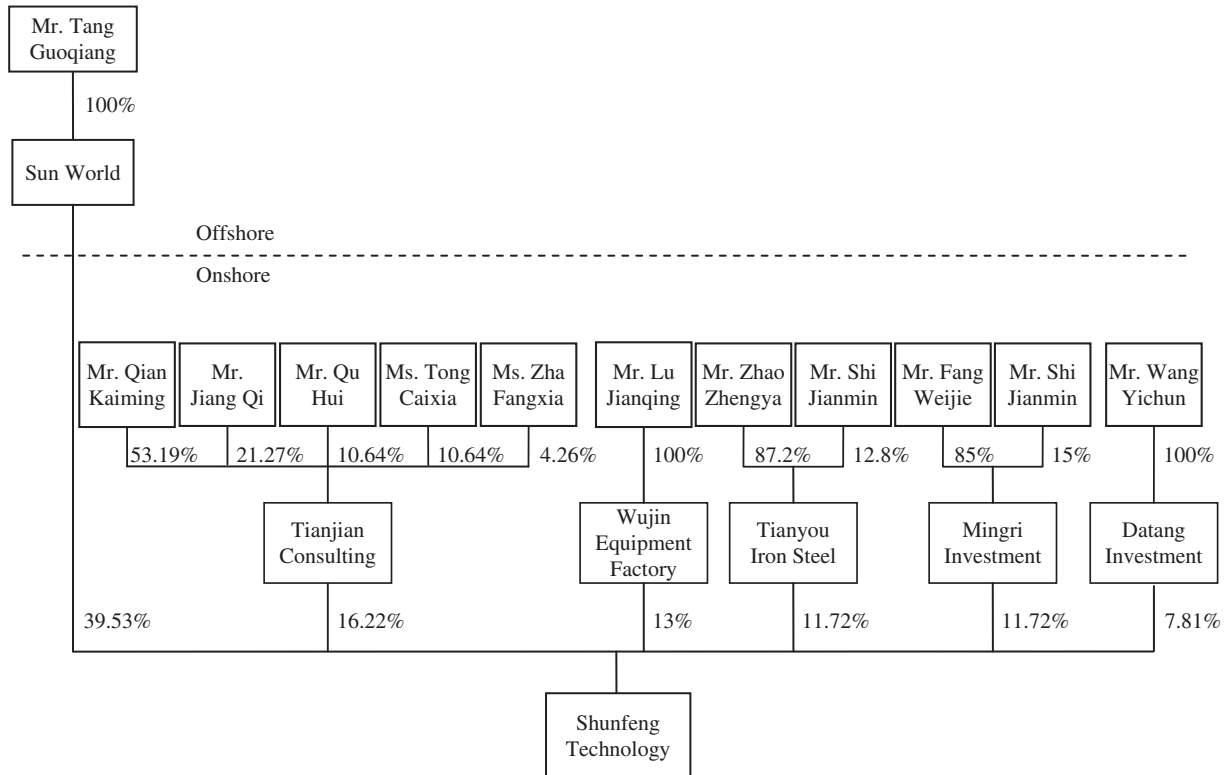
- Pursuant to five equity transfer agreements entered into between Mr. Zhao Jianzhong and Mr. Qian Kaiming, Mr. Jiang Qi, Mr. Qu Hui, Ms. Tong Caixia and Ms. Zha Fangxia respectively dated 20 July 2010, Mr. Zhao Jianzhong agreed to transfer to Mr. Qian Kaiming, Mr. Jiang Qi, Mr. Qu Hui, Ms. Tong Caixia and Ms. Zha Fangxia respectively a 43.19% equity interest, a 21.27% equity interest, a 10.64% equity interest, a 10.64% equity interest and a 4.26% equity interest in Tianjian Consulting for a cash consideration of RMB2,159,500.0, RMB1,063,500.0, RMB532,000.0, RMB532,000.0 and RMB213,000.0, respectively, which was fully paid on 20 July 2010. Mr. Qian Kaiming, Mr. Jiang Qi, Mr. Qu Hui, Ms. Tong Caixia and Ms. Zha Fangxia acquired the said equity interest with their own funds.

- Pursuant to an equity transfer agreement entered into between Mr. Pan Guorong and Mr. Qian Kaiming dated 20 July 2010, Mr. Pan Guorong agreed to transfer to Mr. Qian Kaiming a 10% equity interest in Tianjian Consulting for a cash consideration of RMB500,000.0 and which was fully paid on 20 July 2010. Mr. Qian Kaiming acquired the said equity interest with his own funds.

Immediately before the parties entered into the aforesaid six equity transfer agreements, Tianjian Consulting had an outstanding payable due to a third party in the sum of RMB31,350,000.

## HISTORY AND CORPORATE STRUCTURE

The simplified shareholding structure of Shunfeng Technology immediately after the equity transfers in (2) above was as follows:



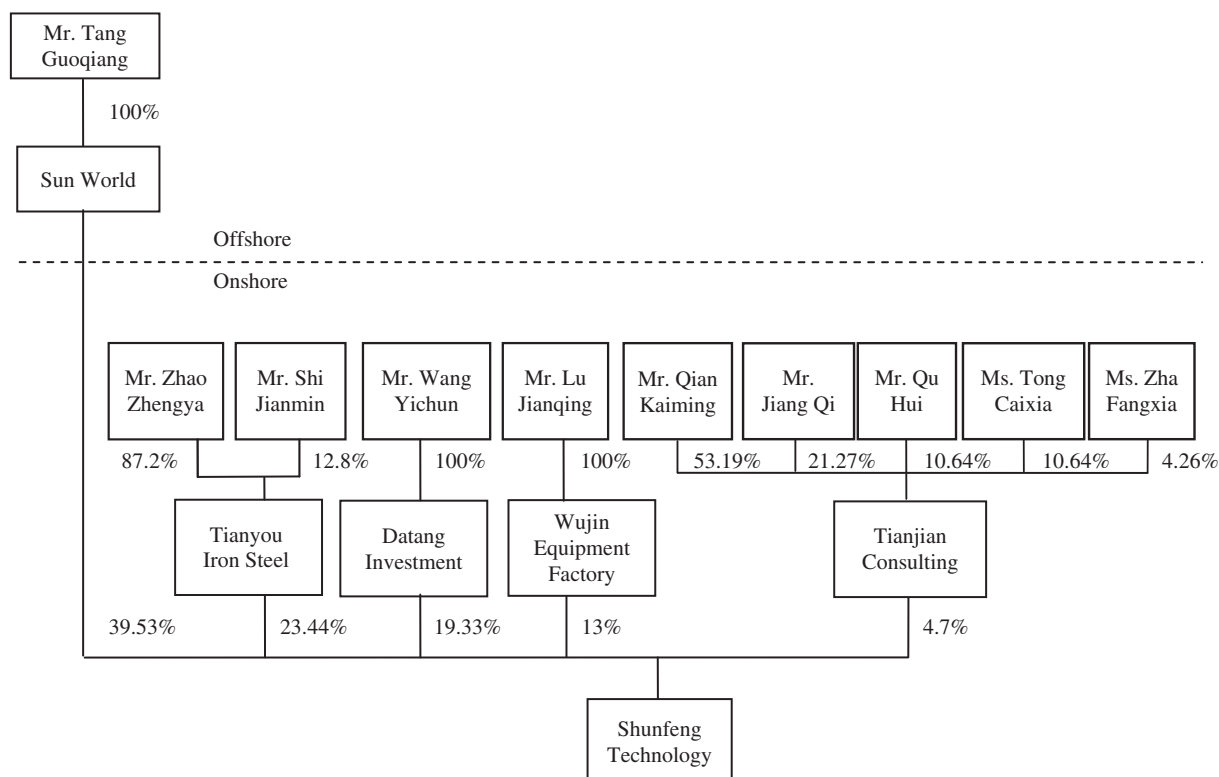
(3) Transfer of equity interest in Shunfeng Technology to Datang Investment and Tianyou Iron Steel:

- Pursuant to an equity transfer agreement entered into between Tianjian Consulting, Datang Investment, Wujin Equipment Factory, Sun World, Tianyou Iron Steel and Mingri Investment dated 11 August 2010, Tianjian Consulting agreed to transfer to Datang Investment a 11.52% equity interest in Shunfeng Technology for a cash consideration of RMB25,800,000.0 and which was fully paid on 11 August 2010. Datang Investment acquired the said equity interest with its own funds.
- Pursuant to another equity transfer agreement entered into between Tianjian Consulting, Datang Investment, Wujin Equipment Factory, Sun World, Tianyou Iron Steel and Mingri Investment dated 11 August 2010, Mingri Investment agreed to transfer to Tianyou Iron Steel a 11.72% equity interest in Shunfeng Technology for a cash consideration of RMB26,250,000.0 and which was fully paid on 11 August 2010. Tianyou Iron Steel acquired the said equity interest with its own funds.

On 8 September 2010, Shunfeng Technology completed the registration of the above transfers in equity interest and obtained the business license reissued by the Changzhou Administration of Industry and Commerce. As a result of such transfers of equity interest, the shareholding of Shunfeng Technology was as follows: 39.53% held by Sun World; 23.44% held by Tianyou Iron Steel; 19.33% held by Datang Investment; 13% held by Wujin Equipment Factory and 4.70% held by Tianjian Consulting.

## HISTORY AND CORPORATE STRUCTURE

The simplified shareholding structure of Shunfeng Technology immediately after the equity transfers in (3) above was as follows:



### ***Incorporation of the Company***

- (4) On 6 August 2010, the Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorized share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each. One Share was subscribed by Codan Trust Company (Cayman) Limited, which was subsequently transferred to Peace Link on 6 August 2010 and on 6 August 2010, 19,764 Shares, 11,720 Shares, 9,665 Shares, 6,500 Shares and 2,350 Shares were allotted and issued to Peace Link, Endless Rocket, Coherent Gallery, Smart Portrait and Witty Yield, respectively.

### ***Incorporation of Shunfeng Holdings and Acquisition of Shunfeng Technology***

- (5) On 16 August 2010, Shunfeng Holdings was incorporated under the Companies Ordinance as a limited liability company in Hong Kong with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the same date, 500 shares of HK\$1.00 each in the capital of Shunfeng Holdings were allotted and issued to the Company and Shunfeng Holdings became a wholly owned subsidiary of the Company.
- (6) Pursuant to an equity purchase agreement entered into between Sun World, Tianyou Iron Steel, Datang Investment, Wujin Equipment Factory, Tianjian Consulting (collectively, the “Transferors”) and Shunfeng Holdings dated 6 September 2010, the Transferors agreed to transfer the entire equity interest in Shunfeng Technology to Shunfeng Holdings for a cash consideration of RMB232,969,215.5 and which was fully paid on 22 October 2010. Shunfeng Holdings acquired the said equity interest with

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## HISTORY AND CORPORATE STRUCTURE

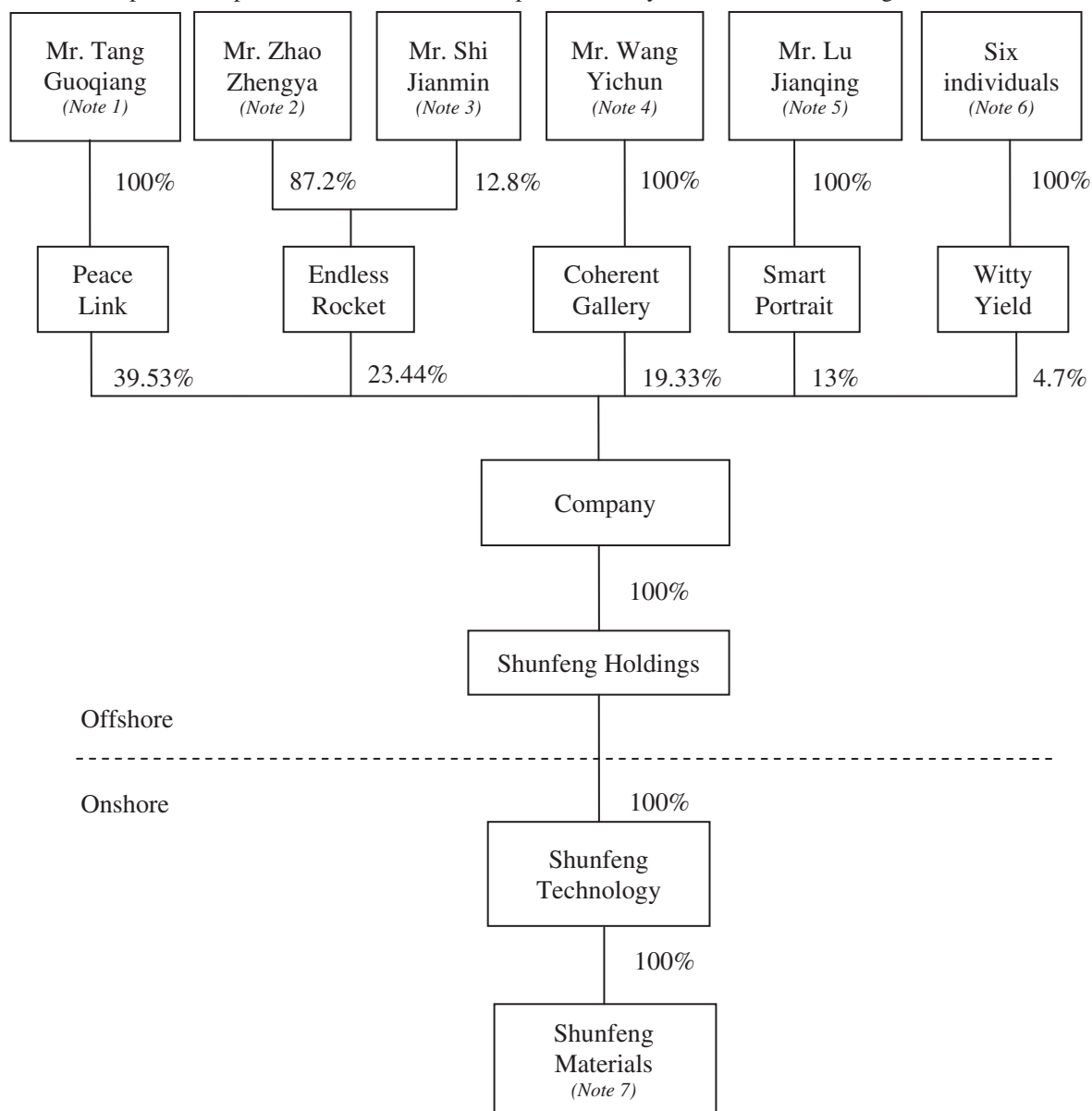
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its own funds. On 26 September 2010, Shunfeng Technology completed the registration of the above transfer of equity interest and obtained the business license reissued by the Changzhou Administration of Industry and Commerce. As a result of such transfer, the entire equity interest in Shunfeng Technology was held by Shunfeng Holdings.

The considerations for the equity transfer transactions described in paragraphs (2), (3) and (6) above were determined with reference to the fair value of the equity interest in Shunfeng Technology as of 31 March 2010 as stated in a valuation report dated 30 June 2010 prepared using the replacement cost method by an independent PRC valuer, Jiangsu Jingu Property Valuation Co., Ltd. (江蘇金谷資產評估有限公司) (“Jiangsu Jingu”), which possesses a property valuation certificate issued by Jiangsu Provincial Department of Finance. The valuation was a business valuation taking into account the business operations of Shunfeng Technology, and as stated in the valuation report, Jiangsu Jingu confirmed that the use of the replacement cost method was appropriate and complied with applicable PRC rules, regulations and the relevant valuation standards. The fair value of the equity interest in Shunfeng Technology as of 31 March 2010 as set out in the aforesaid valuation report was RMB232,969,215.45. Such valuation was made based on the following assumptions: (i) the assets valued will continue to be used in the manner as of the date of the valuation report and Shunfeng Technology will operate on an on-going basis; the valuation is determined based on the current open market value determined by the open market principle under the specific external economic environment as of the valuation date, and the valuation does not take into account any influence on the appraised value due to any special transaction in the future and the influence on the assets price caused by changes in the macro-economic policy of the state, acts of god and other force majeure events; (ii) the relevant legal documents, financial information and other original documentation provided by Shunfeng Technology are true and legal, each of which has not been verified by the valuer; and (iii) the political, economic and social environment of the region where Shunfeng Technology is located remains stable, and the macro-policy and the financial, tax and other rules and regulations in the industry in the PRC that Shunfeng Technology is involved in remain stable.

## HISTORY AND CORPORATE STRUCTURE

The simplified corporate structure of the Group immediately after the Restructuring is as follows:



*Notes:*

- (1) Mr. Tang Guoqiang has been an executive Director of the Company since 6 August 2010.
- (2) Mr. Zhao Zhengya has been a supervisor and a full time employee of Shunfeng Technology since 1 April 2010. Before joining the Group, Mr. Zhao Zhengya had previously owned and operated a farm with his own funds.
- (3) Mr. Shi Jianmin has been the deputy general manager and a full time employee of Shunfeng Technology since 1 April 2010. Before joining the Group, Mr. Shi Jianmin had previously worked for a PRC state-owned bank and a real estate development company.
- (4) Mr. Wang Yichun has been a supervisor and a full time employee of Shunfeng Technology since 1 April 2010. Before joining the Group, Mr. Wang Yichun had previously carried on business as a contractor for road and residential building construction projects.
- (5) Mr. Lu Jianqing has been an executive Director of the Company since 6 August 2010.
- (6) The six individuals are Mr. Qian Kaiming, Mr. Jiang Qi, Mr. Qu Hui, Ms. Tong Caixia, Mr. Kang Yu and Ms. Zha Fangxia, all members of senior management of Shunfeng Technology. Witty Yield is owned as to 44.78% by Mr. Qian Kaiming, 21.27% by Mr. Jiang Qi, 10.64% by Mr. Qu Hui, 10.64% by Ms. Tong Caixia, 8.41% by Mr. Kang Yu and 4.26% by Ms. Zha Fangxia.
- (7) On 21 September 2010, Shunfeng Materials was established as a limited liability company in the PRC with an initial registered capital of RMB10.0 million and became a direct wholly owned subsidiary of Shunfeng Technology.

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## HISTORY AND CORPORATE STRUCTURE

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### **SAFE Registration**

As advised by our PRC legal advisers, King & Wood, each of the ten individuals who are PRC residents and indirect beneficial owners of our Shares, has completed the foreign exchange registration of overseas investments at the Wujin Branch of SAFE on 11 October 2010. King & Wood have also advised that, for the reason that Mr. Kang Yu does not constitute a “natural person” subject to registration obligation under the above foreign exchange registration, the SAFE Notice 75 does not apply to Mr. Kang Yu.

### **Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors**

Our PRC legal advisers, King & Wood, have advised that, based on the confirmation letter from the provincial commercial authority, as the subscription of 25% of Shunfeng Technology’s registered capital by Sun World, which was approved by relevant PRC foreign investment administration authorities on 29 March 2006, has made Shunfeng Technology a foreign invested enterprise before the effective date of the New M&A Rules, which became effective on 8 September 2006, the acquisition of 100% equity interest of Shunfeng Technology by Shunfeng Holdings from Sun World, Tianyou Iron Steel, Datang Investment, Wujin Equipment Factory and Tianjian Consulting in September 2010 does not constitute a “connected acquisition” under the New M&A Rules. Therefore, the New M&A Rules does not apply to such acquisition of 100% equity interest in Shunfeng Technology by Shunfeng Holdings.

### **PRC Approvals**

As advised by our PRC legal advisers, King & Wood, all approvals or permits required under PRC laws and regulations in connection with each step of the Restructuring have been obtained.

### **Changes in Shareholdings in PRC Companies**

As advised by our PRC legal advisers, King & Wood, all the changes in shareholdings in the PRC companies mentioned in this “History and Corporate Structure” section are legal, valid and enforceable, and the Group has complied with all applicable PRC rules and regulations in relation to such changes.

### **Information on Third Parties**

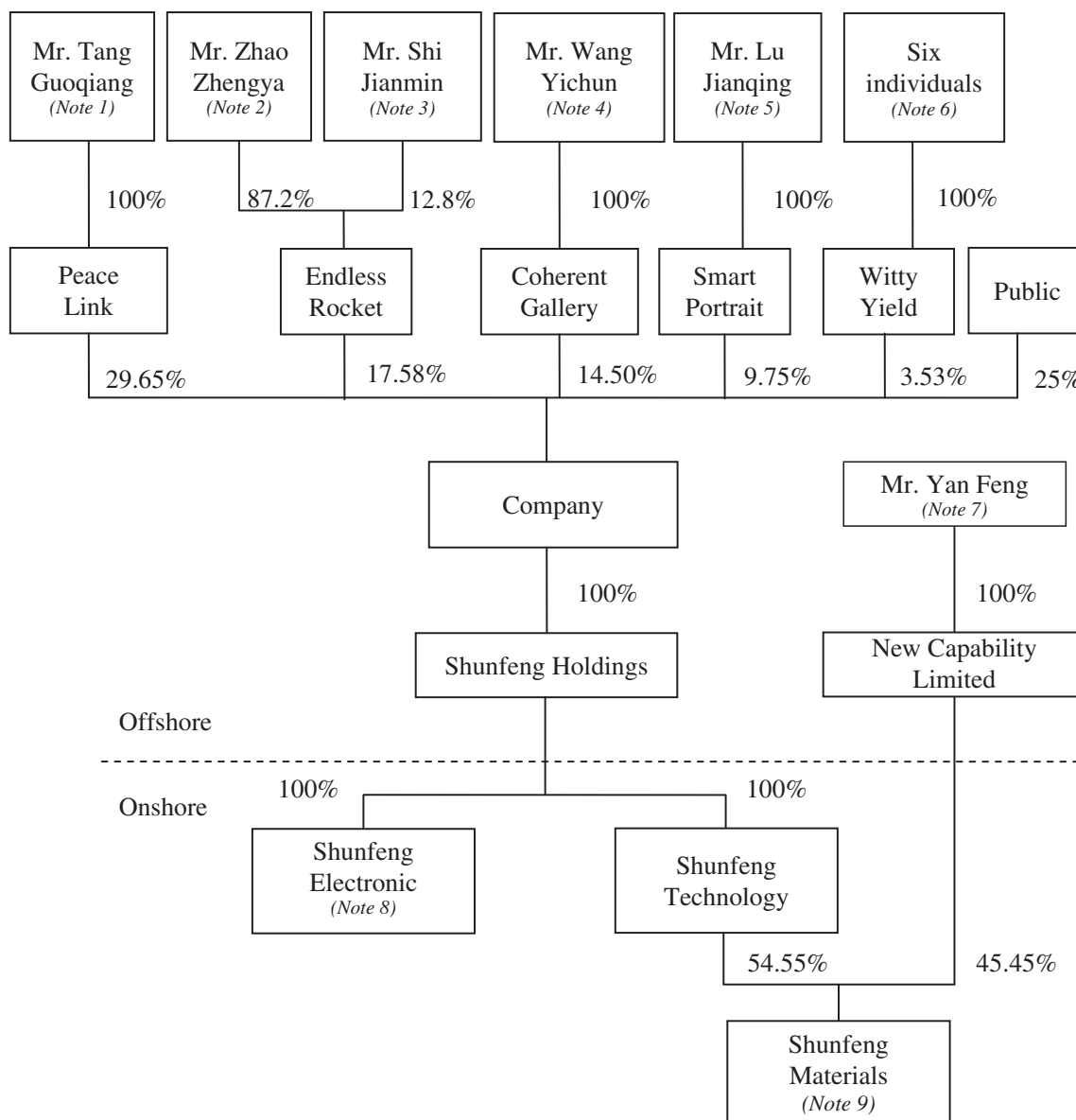
With respect to those matters (including basis of consideration, background and relationship between parties and that the transactions were negotiated on an arm’s length basis) which are not within the actual knowledge of the Company or its Directors because none of them is a party to the relevant transaction, such matters are purely based on reasonable enquiries made by the Company against the relevant parties involved.



## HISTORY AND CORPORATE STRUCTURE

### CORPORATE STRUCTURE

The following chart sets forth the simplified corporate structure of the Group upon completion of the Global Offering (assuming Over-allotment Option is not exercised):



*Notes:*

- (1) Mr. Tang Guoqiang has been an executive Director of the Company since 6 August 2010.
- (2) Mr. Zhao Zhengya has been a supervisor and a full time employee of Shunfeng Technology since 1 April 2010. Before joining the Group, Mr. Zhao Zhengya had previously owned and operated a farm with his own funds.
- (3) Mr. Shi Jianmin has been the deputy general manager and a full time employee of Shunfeng Technology since 1 April 2010. Before joining the Group, Mr. Shi Jianmin had previously worked for a PRC state-owned bank and a real estate development company.
- (4) Mr. Wang Yichun has been a supervisor and a full time employee of Shunfeng Technology since 1 April 2010. Before joining the Group, Mr. Wang Yichun had previously carried on business as a contractor for road and residential building construction projects.
- (5) Mr. Lu Jianqing has been an executive Director of the Company since 6 August 2010.

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## HISTORY AND CORPORATE STRUCTURE

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- (6) The six individuals are Mr. Qian Kaiming, Mr. Jiang Qi, Mr. Qu Hui, Ms. Tong Caixia, Mr. Kang Yu and Ms. Zha Fangxia, all members of senior management of Shunfeng Technology. Witty Yield is owned as to 44.78% by Mr. Qian Kaiming, 21.27% by Mr. Jiang Qi, 10.64% by Mr. Qu Hui, 10.64% by Ms. Tong Caixia, 8.41% by Mr. Kang Yu and 4.26% by Ms. Zha Fangxia.
- (7) Mr. Yan Feng is not involved in the operations and development of the Group.
- (8) On 29 December 2010, Shunfeng Electronic was established as a limited liability company in the PRC with an initial registered capital of US\$100.0 million and became a direct wholly owned subsidiary of Shunfeng Holdings.
- (9) Pursuant to a joint venture contract dated 10 October 2010 entered into between Shunfeng Technology and New Capability Limited, the registered capital of Shunfeng Materials was increased from RMB10 million to RMB220 million, with Shunfeng Technology contributing RMB110 million and New Capability Limited contributing RMB100 million. After such capital increase, Shunfeng Technology and New Capability Limited held 54.55% and 45.45% of the equity interest in Shunfeng Materials, respectively.