

SHANGHAI YAOHUA PILKINGTON GLASS GROUP CO., LTD. (Incorporated in the People's Republic of China) Public Announcement on Resolutions of the 8th Meeting of the 7th Board

The Board of the Company and all directors commit that there are no false record, misleading statement or omission of material importance of the public announcement, and will bear joint responsibility for the authenticity, accuracy and integrity of its content.

The 8th meeting of the 7th Board of Directors of Shanghai Yaohua Pilkington Glass Group Co., Ltd. (hereinafter referred to as "the Company") was held on 16 May 2013 in the form of teleconference and onsite (non meeting at Building 4-5, 1388 Zhangdong Road, Pudong New Area, Shanghai). Eight directors should attend the meeting and actually all the eight directors were present at the meeting. The convention of the meeting complied with relevant provisions of the Company Law and Articles of Association. The meeting was presided over by Chairman Mr. Lin Yihan. The Chairman of the Supervisory Committee and some senior officers also attended the meeting as non-voting delegates. The Meeting considered and approved the following proposals:

1. The Meeting considered and approved the Proposal on Satisfaction of Conditions of Private Placement to Chosen Investors

The Board of Directors considered that the Company met the requirements and conditions of private placement to chosen investors, in accordance with relevant laws, regulations, rules and normative documents including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Administrative Rules of Stock Issuance of Listed Companies, the Implementation Rules on Private Placement of Listed Companies issued by China Securities Regulatory Commission (abbreviated as "CSRC"), as well as the actual conditions of the Company.

The proposal result: 8 voted for, 0 voted against, 0 abstained

The Meeting considered and approved the Proposal on the Program of Private Placement to Chosen Investors

The Board considered the specific items of Proposal on the Program of Private Placement to Chosen Investors by one by one:

(1) Type of share and face value

The type of share for the private placement is domestic listed RMB ordinary share (A share), and the face value per share is RMB 1.00

Voting result: 6 voted for, 0 voted against, 0 abstained

Method and Time of Issuance

The share will be offered to no more than 10 chosen investors at proper time in six months after getting the approval of CSRC.

Voting result: 6 voted for, 0 voted against, 0 abstained

The amount of privately placed shares will be no more than 202,839,756 (including the number) shares. Within that limit, the Board of Directors will propose to the Shareholders' General Meeting to authorize the Board to decide on the final issuance amount by discussing with the sponsor according to actual situation. After subscribing for the private placed shares, SBM will hold no less than 28.75% and no more than 30.50% (including the number) equity of the Company directly or indirectly. If there were any ex-ergit and ex-dividend activities such as dividend payment, bonus share issuing or enlarging share capital during the period from the pricing benchmark date to the issuing date, the amount of privately placed shares will be adjusted accordingly.

Voting result: 6 voted for, 0 voted against, 0 abstained

(4) Issuance Objectives and subscription method

The issuance objectives include no more than 10 chosen investors which meet the conditions provided by relevant laws and regulations, including SBM, the shareholder of the Company. Besides SBM, other issuance objectives include securities investment fund management companies, securities companies, insurance companies, trust investment companies (with its own fund), financial companies, QFII and other qualified legal persons, natural persons or other legal investment organizations. If a securities investment fund management company makes subscription via more than 2 funds under its management, it shall be deemed as one issuance objective. The Company will decide on the issuance objectives by way of action according to the Implementation Rules on Private Placement of Listed Companies.

The above chosen investors will subscribe for the privately placed shares in cash.

Voting result: 6 voted for, 0 voted against, 0 abstained

(5) Pricing benchmark date and issuing price

The pricing benchmark date will be the date when the resolutions of the 8th meeting of the 7th Board are announced.

The issuing price will be the price not lower than 90% of the average trading price for 20 trading days prior to the pricing benchmark date. That is to say, the issuing price will be no lower than RMB 4.93/share (average trading price of shares for the 20 trading days prior to the pricing benchmark date = total turnover of share trading price for the 20 trading days prior to the pricing benchmark date/total quantity of shares traded for the 20 trading days prior to the pricing benchmark date).

The issuing price will be determined by the Board of Directors authorized by the Shareholders' General Meeting by discussing with the major sponsor according to the auction results, after obtaining the issuance approval documents from CSRC.

During the period from the pricing benchmark date to issuance date, if there are any ex-ergit and ex-dividend activities including dividend payment, bonus share issuing and enlarging share capital, the bottom price will be adjusted accordingly.

SBM will not join in the auction of pricing, but commit that it will accept the auction result of other subscribers and will subscribe for the shares at the same price as other investors.

Voting result: 6 voted for, 0 voted against, 0 abstained

(6) Lock-up period

After the completion of private placement, the lock-up period of chosen investors shall meet relevant provisions of Administrative Rules for the Issuance of Securities of Listed Company and the requirements of CSRC and Shanghai Stock Exchange (abbreviated as "SSE"). SBM shall not transfer the subscribed shares in 36 months on the completion of the issuance, and other chosen investors shall not transfer the subscribed shares within 12 months on the completion of the issuance.

Voting result: 6 voted for, 0 voted against, 0 abstained

(7) Place of Listing

After the expiry of the lock-up period, the privately placed shares will be traded at SSE.

Voting result: 6 voted for, 0 voted against, 0 abstained

(8) Use of Raised Fund

The total fund raised from the private placement will be no more than RMB 1 billion, which will be used for TSYPE III Deep Processing Project, Changshu Deep Processing Project, CSYP Fire Resistant Glass Project (annual capacity of 21900 tons of high borosilicate fire resistant glass), and making up working capital. The total investment and amount of raised fund will be used by these projects are as follows:

Unit: RMB million			
Name of Project	Total investment	Amount of raised fund to be used	
1. TSYPE III Deep Processing Project	462,2970	345	
2. Changshu Deep Processing Project	443,6527	345	
3. CSYP Fire Resistant Glass Project (annual capacity of 21900 tons of high borosilicate fire resistant glass)	93,47	60	
4. Making up working capital	250	250	
Total	1249,4197	1000	

Before the raised fund is available, the Company will input its self-owned fund according to the progress of the projects, and will exchange the raised fund according to relevant legal procedures when it arrives.

The difference between the total fund needed by above projects and the actual raised fund will be self-funded by the Company. Within the scope of above projects, the Board of Directors can adjust the amount of raised fund to be used according to the actual fund requirements of the projects and the urgency of projects, in compliance with relevant laws and regulations as well as within the authorization of Shareholders' General Meeting.

Voting result: 6 voted for, 0 voted against, 0 abstained

(9) Arrangement of the cumulative retained profit before the private placement

The cumulative retained profit before the completion of the private placement will be jointly enjoyed by new and old shareholders after the completion of the private placement.

Voting result: 6 voted for, 0 voted against, 0 abstained

(10) Effective period of the resolutions for the private placement

The effective period of the resolutions for the private placement will be 12 months after the approval of Shareholders' General Meeting.

Voting result: 6 voted for, 0 voted against, 0 abstained

The subscription of SBM for the privately placed shares is regarded as connected transaction, so related directors Mr. Lin Yihan and Mr. Eddie Chai avoided voting on this proposal, while the other 6 non-related directors voted on it.

The proposal shall be reported for approval of relevant authorities department and submitted for the consideration and approval of the Shareholders' General Meeting item by item, and shall be approved by CSRC before implementation.

3. The Meeting considered and approved the Proposal on the Plan of Private Placement to Chosen Investors

Please refer to Shanghai Securities News (20 May 2013) and the website of Shanghai Stock Exchange for the details of the Plan of Private Placement to Chosen Investors of Shanghai Yaohua Pilkington Glass Group Co., Ltd.

The subscription of SBM for the privately placed shares is regarded as connected transaction, so related directors Mr. Lin Yihan and Mr. Eddie Chai avoided voting on this proposal, while the other 6 non-related directors voted on it.

Voting result: 6 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration and approval of the Shareholders' General Meeting.

4. The Meeting considered and approved the Proposal on Signing Share Subscription Contract (subject to conditions to be effective) with SBM

The meeting considered the Proposal on Signing Share Subscription Contract (subject to conditions to be effective) with SBM.

The subscription of SBM for the privately placed shares is regarded as connected transaction, so related directors Mr. Lin Yihan and Mr. Eddie Chai avoided voting on this proposal, while the other 6 non-related directors voted on it.

Voting result: 6 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration and approval of the Shareholders' General Meeting.

5. The Meeting considered and approved the Proposal on Related Party Transactions Concerned with the Private Placement

The meeting considered the Proposal on Related Party Transactions Concerned with the Private Placement. Please refer to the website of Shanghai Stock Exchange for details of the proposal on 20 May 2013.

The subscription of SBM for the privately placed shares is regarded as connected transaction, so related

directors Mr. Lin Yihan and Mr. Eddie Chai avoided voting on this proposal, while the other 6 non-related directors voted on it.

Voting result: 6 voted for, 0 voted against, 0 abstained

The independent directors of the Companies expressed their independent opinions on the proposal. Please refer to the website of Shanghai Stock Exchange on 20 May 2013 for the details of the Special Opinions of Independent Directors on the Shareholder Subscribing for the Privately Placed A Share and Connected Transaction.

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

6. The Meeting considered and approved the Proposal on Feasibility Study Report on the Utilization of Raised Fund from the Private Placement

Please refer to Shanghai Securities News and the website of Shanghai Stock Exchange on 20 May 2013 for the details of the Feasibility Study Report on the Utilization of Raised Fund from the Private Placement.

Voting result: 8 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

7. The Meeting considered and approved the Proposal on Shareholders' General Meeting to Authorize the Board of Directors to Deal with Relevant Issues of the Private Placement

The Board of Directors to authorize the Board of Directors to deal with relevant issues of the Private Placement according to the review of relevant departments, changes of market conditions and changes of conditions to implement the investment projects to raise funds.

(1) Authorize the Board to draft and carry out the detailed plan of A share private placement, and decide on the issuance amount, issuing price, issuance objectives, issuance time, beginning and ending date of the issuance as well as other issues relevant to the A share private placement.

(2) Authorize the Board to revise the detailed issuance plan (except for those to be re-voted by the Shareholders' General Meeting as required by relevant laws and regulations and Articles of Association) according to the requirements of relevant laws and regulations and securities regulatory departments; adjust the detailed plan (including but not limited to adjust the investment projects to raise funds and adjust the amount of raised funds within the upper limit of issuance) according to the review of relevant departments, changes of market conditions and changes of conditions to implement the investment projects to raise funds.

(3) Authorize the Board and Chairman of the Board to go through the application and reporting of A Share private placement.

(4) Authorize the Board, Chairman of the Board and the person entrusted by the Chairman of the Board to sign, amend, supplement, submit, report and execute all agreements, application documents and relevant documents to the A share private placement, and go through all necessary and proper application, approval, registration and filing keeping procedures relevant to the A share private placement.

(5) Authorize the Board to determine and appoint the intermediary agency.

(6) Authorize the Board to adjust the specific arrangement for the investment projects to raise funds within the limit of SCM authorization and in accordance with the requirements of supervisory department actual situation, including but not limited to authorize the Board to adjust or reduce the amount of raised fund to be used for investment projects, when the actual raised fund is less than the total amount of raised funds to be used for investment projects, and to use the outstanding raised funds to make up the working capital of the Company when the actual funds for projects are less than the total raised funds.

(7) Authorize the Board to adjust specific issuance plan in accordance with the new provisions of laws, regulations, other standard documents and the new policies of securities regulatory department if there were any.

(8) Authorize the Board, Chairman of the Board and the person entrusted by the Chairman of the Board to deal with the registration, lock-up and listing of the shares in Shanghai Stock Exchange and China Securities Registration and Depository Co., Ltd. after the completion of A share private placement.

(9) Authorize the Board to deal with amendments to Articles of Association and change of registration in Shanghai and China Securities Regulatory Commission after the A share private placement.

(10) Authorize the Board to deal with other issues relevant to the A share private placement within the limit of laws, regulations, normative documents and Articles of Association.

(11) Authorize the Board to decide on delayed execution of private placement plan when there is force majeure or other situation that will make it difficult to implement the issuing plan or will cause serious unfavorable results for the Company if implemented.

(12) The above (6), (8) and (9) authorization will be effective upon the approval of Shareholders' General Meeting ill the existence of the relevant issues, and other authorizations shall be effective in 12 months upon the approval of Shareholders' General Meeting.

The subscription of SBM for the privately placed shares is regarded as connected transaction, so related directors Mr. Lin Yihan and Mr. Eddie Chai avoided voting on this proposal, while the other 6 non-related directors voted on it.

Voting result: 6 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

8. The Meeting considered and approved the Proposal on Revising the Article of Profit Distribution in the Articles of Association

The meeting considered and approved the Proposal on Revising the Article of Profit Distribution in the Articles of Association. Please refer to Shanghai Securities News and the website of Shanghai Stock Exchange on 20 May 2013 for the details of the Public Announcement on the Amendments to Articles of Association.

Voting result: 8 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

9. The Meeting considered and approved the Proposal on Changshu Deep Processing Project. The Board meeting considered and approved the Proposal on Changshu Deep Processing Project. The Board of Directors of the Company to build the Changshu Processing Project within the total investment of RMB 443 million.

Voting result: 6 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

10. The Meeting considered and approved the Proposal on HSYTP Technical Renovation Project. The Board approved the Company to carry out technical renovation for HSYTP production line and authorized the Management to further improve the renovation plan. The renovated production line will have better product, which will help to enhance the profitability and risk prevention ability of the Company.

Voting result: 8 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

The convention of Shareholders' General Meeting will be further announced.

The stock of the Company will be resumed trading on 20 May 2013.

Board of Directors
Shanghai Yaohua Pilkington Glass Group Co., Ltd.
20 May 2013

SHANGHAI YAOHUA PILKINGTON GLASS GROUP CO., LTD. (Incorporated in the People's Republic of China) Public Announcement on Resolutions of the 6th Meeting of the 7th Board

The Supervisory Committee and all supervisors commit that there are no false record, misleading statement or omission of material importance of the public announcement, and will bear joint responsibility for the authenticity, accuracy and integrity of its content.

The 6th meeting of the 7th Supervisory Committee of Shanghai Yaohua Pilkington Glass Group Co., Ltd. (hereinafter referred to as "the Company") was held on 16 May 2013 at the headquarters of the Company (Building 4-5, 1388 Zhangdong Road, Pudong New Area, Shanghai). Three supervisors should attend the meeting and actually three supervisors were present at the meeting. The convention of the meeting complied with relevant provisions of the Company Law and Articles of Association. The meeting was presided over by Chairman Mr. Hu Lijiang. After the supervisors' discussion, following proposals are approved by written voting:

1. The Meeting considered and approved the Proposal on Satisfaction of Conditions of Private Placement to Chosen Investors

The Supervisory Committee considered that the Company met the requirements and conditions of private placement to chosen investors, in accordance with relevant laws, regulations, rules and normative documents including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Administrative Rules of Stock Issuance of Listed Companies, the Implementation Rules on Private Placement of Listed Companies issued by China Securities Regulatory Commission (abbreviated as "CSRC"), as well as the actual conditions of the Company.

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

2. The Meeting considered and approved the Proposal on the Program of Private Placement to Chosen Investors

The Supervisory Committee considered that the issuance program complies with the provisions of relevant laws and regulations, beneficial for improving the Company's core competitiveness and advancing long-term development.

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

3. The Meeting considered and approved the Proposal on the Plan of Private Placement to Chosen Investors

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

4. The Meeting considered and approved the Proposal on Signing Share Subscription Contract (subject to conditions to be effective) with SBM

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

5. The Meeting considered and approved the Proposal on Related Party Transactions Concerned with the Private Placement

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

6. The Meeting considered and approved the Proposal on Feasibility Study Report on the Utilization of Raised Fund from the Private Placement

The Supervisory Committee considered the utilization of raised fund complies with China industrial policy and the Company's development, the invested projects have sound profitability and prospective which in line with the interests of the Company and all shareholders' benefits.

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

7. The Meeting considered and approved the Proposal on Shareholders' General Meeting to Authorize the Board of Directors to Deal with Relevant Issues of the Private Placement

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

8. The Meeting considered and approved the Proposal on Revising the Article of Profit Distribution in the Articles of Association

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

9. The Meeting considered and approved the Proposal on Changshu Deep Processing Project

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

10. The Meeting considered and approved the Proposal on HSYTP Technical Renovation Project

Voting result: 3 voted for, 0 voted against, 0 abstained

The proposal shall be submitted for the consideration of Shareholders' General Meeting.

Supervisory Committee
Shanghai Yaohua Pilkington Glass Group Co., Ltd.
20 May 2013

SHANGHAI YAOHUA PILKINGTON GLASS GROUP CO., LTD. (Incorporated in the People's Republic of China) Public Announcement on Related Party Transactions Concerned with Private Placement

The Board of the Company and all directors commit that there are no false record, misleading statement or omission of material importance of the public announcement, and will bear joint responsibility for the authenticity, accuracy and integrity of its content.

Important Prompts:

* Shanghai Yaohua Pilkington Glass Group Co., Ltd. (hereinafter referred to as "the Company" or "SYTP") intends to issue privately placed A share to no more than 10 chosen investors to raise capital. Shanghai Building Materials Group General Company (abbreviated as "SBM") is the shareholder of the Company. SBM will hold no less than 28.75% and no more than 30.50% (including the number) of the total shares of the Company directly and indirectly after subscribing for the privately placed A share. The Company has signed with SBM the Stock Subscription Contract (subject to conditions to be effective) between SYTP and SBM. Since SBM is the shareholder of the Company, the above transaction is regarded as connected transaction in accordance with the Stock Listing Rules of Shanghai Stock Exchange.

* The fund raised from the private placement will be focused on the main businesses of the Company. After projects utilizing the raised fund are completed, the capital and financing ability of the Company, as well as profitability and competitiveness will be enhanced. The main businesses of the Company keep the same after the completion of the issuance.

* The related party directors Mr. Lin Yihan and Mr. Eddie Chai avoided voting on this proposal when the directors vote on it.

* The private placement shall be approved by Shanghai State-owned Assets Supervision and Management Commission, the Shareholders' General Meeting of the Company and China Securities Regulatory Commission. The shareholders related to the issuance will avoid voting at the Shareholders' General Meeting.

I. Related Party Transactions Summary

The Company plans to carry out private placement of shares to no more than 10 chosen investors to raise capital. Shanghai Building Materials Group General Company (abbreviated as "SBM") is the shareholder of the Company. SBM will hold no less than 28.75% and no more than 30.50% (including the number) of the total shares of the Company directly and indirectly after subscribing for the privately placed A share. The Company has signed with SBM the Stock Subscription Contract (subject to conditions to be effective) between SYTP and SBM. Since SBM is the shareholder of the Company, the above transaction is regarded as connected transaction in accordance with the Stock Listing Rules of Shanghai Stock Exchange.

II. Main Content of Agreement

The Company has signed Share Subscription Contract (subject to conditions to be effective) with SBM, main contents are described as follows:

1. Share Subscription

SBM will hold no less than 28.75% and no more than 30.50% (including the number) equity of the Company directly or indirectly after the subscription. SBM will not join in the auction of pricing, but commit that it will accept the auction result of other subscribers and will subscribe for the shares at the same price as other investors.

2. Lock-up Period

According to relevant laws and regulations, SBM shall not transfer the shares within 36 months on the date which the issuance is completed.

3. Share Subscription Payment

The Company and its sponsor will deliver Share Subscription Invitation and Payment Notification after the stock issuance is approved by China Securities Regulatory Commission, and SBM should make the payment accordingly.

4. Conditions for the Contract to be Effective

Both parties agree that the agreement will be effective from the date it is signed and meantime the following conditions are met:

(1) The stock issuance is approved by relevant state-owned assets supervision departments.

(2) The stock issuance is approved by Shareholders' General Meeting.

(3) The stock issuance is approved by China Securities Regulatory Commission.

5. Conditions for Termination of the Agreement

Both parties agree the agreement will be terminated on the date when any of the following circumstances occur:

(1) The Company thinks the issuance cannot achieve the target according to existing situation and relevant laws and regulations and withdraw the application from CSRC.

(2) Relevant state-owned assets supervision departments or China Securities Regulatory Commission do not approve the issuance.

(3) Both of the parties have fulfilled the duties under the contract completely.

(4) Any force majeure event leads to the termination after agreed by both of the parties.

(5) Other situations that should terminate the agreement according to provision of relevant laws and regulations in China.

6. Liability for breach of contract

Either of the parties fail in fulfilling the duty or fulfill approximately or violate any of own statement and commit in the agreement will be deemed as breach of contract, the party (breaching party) should redress the breach within 30 days after the party (observant party) deliver the notification to ask for redress; if there is no redress action taken by the breaching party, the observant party keeps the right to compel the party's Court proceedings.

All the losses, obligations and expenditures (inclusive of interest, rational legal service fee and other expert fee) afforded by observant party should be paid by the breach party.

The pricing benchmark date should be the date on the resolutions of the 8th meeting of the 7th Board on the private placement of shares is announced. The issuing price will be the price not lower than 90% of the average trading price for 20 trading days prior to the pricing benchmark date. That is to say, the issuing price will be no lower than RMB 4.93/share (average trading price of shares for the 20 trading days prior to the pricing benchmark date = total turnover of share trading for the 20 trading days prior to the pricing benchmark date/total quantity of shares traded for the 20 trading days prior to the pricing benchmark date). If there were any ex-ergit and ex-dividend activities such as dividend payment, bonus share issuing or enlarging share capital during the period from the pricing benchmark date to the issuing date, the amount of privately placed shares will be adjusted accordingly.

The issuing price will be determined by the Board of Directors authorized by the Shareholders' General Meeting by discussing with the major sponsor according to the auction results, after obtaining the issuance approval documents from CSRC.

SBM will not join in the auction of pricing, but commits that it will accept the auction result of other subscribers and will subscribe for the shares at the same price as other investors.

IV. Related Parties Profile

1. Related Relationship

SBM directly holds 207,918,282 shares of the Company, and indirectly hold 2,287,681 shares through its wholly owned subsidiary Hong Kong Industrial Co., Ltd. which in total is 210,205,963 shares accounting for equity ratio of 28.75%. Above mentioned transaction is regarded as connected transaction.

2. Related Parties Introduction

Company Name: Shanghai Building Materials Group General Company

Company Type: Ownership by the State

Registered Address: 240 East Beijing Road, Shanghai

Legal Representative: Lin Yihan

Date of Establishment: 29 December 1993

Registered Capital: RMB 2000 million

Business License Registration Number: 10000000002561

Business Scope: Investment holdings, diversified economy, building materials, design and manufacture and sale of building materials equipment and related products, engaged in architectural engineering and technology development and transfer business, building decoration engineering contracting and design and construction, research and development and management. (license to operate the business covering the operating permit)

V. Related Parties Transactions Effect

1. Transaction Objective

The transaction is beneficial for optimizing the shareholding structure of the Company and boosting its profitability.

2. Insurance effect to the Company

(1) The issuance explores and strengthens the Company's business

The raised capital will be used mainly for the Company's main business, the Company can enhance financial strength and financing, further improve profitability and market competition after the raised capital used into projects. The Company's main business will not change after the stock issuance.

(2) The changes of Articles of Association and structure of shareholding, senior officers and revenue after the issuance.

A. Change of Articles of Association

The issuance will increase the Company's registered capital and total share capital, so the

Company will revise the Articles of Association after the completion of private placement.

B. Change of shareholders' structure

The issuance will not lead to the change of control right to the Company. Before the private placement of shares, SBM holds 210,205,963 shares accounting for 28.75% of the Company's shares directly and indirectly. The Company carries out private placement of shares to no more than 10 chosen investors, issuance shares in total are no more than 202,839,756 shares (inclusive), after the subscription of the privately placed shares, SBM will hold no less than 28.75% and no more than 30.50% (including the number) equity of the Company directly or indirectly.

After the issuance, SBM is still the largest shareholder of the Company to take the controlling position. The amount of investors with restricted conditions for sale of shares will increase, the Company's shareholder structure will be changed, and it is predicted to add no more than 202,839,756 restricted tradable shares.

C. Change of senior officer structure

There is no change to the senior officers in the issuance.

D. Change of business structure

There is no significant change to the Company's business revenue structure.

(3) The change of financial status, profitability, cash flow, liabilities structure and ratio.

The Company plans to raise capital amounts to no more than RMB 1 billion by the private placement of shares, the raised capital further increase the Company's net assets and total assets and decrease asset-liability ratio, the completion of projects invested by the raised capital will improve the Company's profitability and increase the cash flow.

A. Financial structure change

After the issuance, both of the Company's net assets and total assets will increase, capital strength consolidates, asset-liability ratio drops which contribute to the Company's capacity to prevent financial risks.

B. Profitability Change

The Company hopes to enhance business scale and market position and improve core competitiveness by the private placement of shares. By strengthening the competition, the Company will further improve revenue and profitability.

C. Cash flow change

By the issuance, the Company's cash flow will increase substantially, after the new projects start up and begin to make profit, the cash flow for future investment activities and operating activities will increase.

(4) The changes of business and management relationship among the listed companies, SBM