

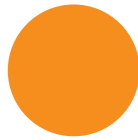
If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Solargiga Energy Holdings Limited (the "Company"), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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Unless the context otherwise requires, capitalised terms used in this circular shall have the following meanings:

“Acquisition”	the acquisition by the Company of the Sale Shares pursuant to the terms of the Second S&P Agreement
“Announcement”	the announcement of the Company dated 9 November 2010 in relation to the Acquisition
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Issue Date”	the date on which the Convertible Bonds are issued, being the Completion Date
“Bond Maturity Date”	the date falling on the second anniversary of the Bond Issue Date
“Bondholder(s)”	holder(s) of the Convertible Bonds
“BVI”	British Virgin Islands
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司) 51515 Limited 515

“Conversion Date”	a day when the conversion rights attaching to the Convertible Bonds are exercised which, unless otherwise provided in the terms and conditions of the Convertible Bonds, shall be deemed to be the second business day immediately following the date of service of the relevant notice of conversion together with the relevant Convertible Bond certificate
“Conversion Period”	the period commencing from the business day immediately after two months of the Bond Issue Date and ending on the Bond Maturity Date, both dates inclusive
“Conversion Price”	HK\$1.92 per Conversion Share
“Conversion Shares”	new Shares to be allotted and issued upon any conversion of the Convertible Bonds
“Convertible Bonds”	convertible bonds in the aggregate principal amount

## DEFINITIONS

“First Vendor”	You Hua Investment Corporation, an investment holding company incorporated in the BVI and is beneficially and wholly owned by Mr. Tan
“First Warrantors”	First Vendor together with Mr. Tan
“Fourth Vendor”	Prosperity Lamps & Components Limited, a Hong Kong incorporated company beneficially owned as to 65% by companies wholly owned by Mr. Chong, and as to 30% and 5% respectively by Mr. Sam Wai Keung and Mr. Chong Yu Ka, both being independent third parties under the Listing Rules but for the purpose of the Takeovers Code are considered to be parties acting in concert with the Fourth Vendor. The principal business of the Fourth Vendor is trading of lighting equipment
“Fourth Warrantors”	Fourth Vendor together with Mr. Chong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HPT”	Jinzhou Huachang Photovoltaic Technology Co., Ltd (錦州華昌光伏科技有限公司), a wholly foreign owned enterprise established in the PRC with limited liability and wholly owned by You Xin as at the Latest Practicable Date
“Independent Board Committee”	an independent committee of the Board comprising Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun, the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares

“Independent Financial Adviser” or “First Shanghai”	First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares
“Independent Shareholders”	the Shareholders other than the Vendors, Mr. Tan, their respective associates and parties acting in concert with any one of them and those who are involved in or interested in the Acquisition
“Last Trading Day”	8 November 2010, being the last day on which the Shares were traded on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	10 December 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chong”	Mr. Chong Kin Ngai, a non-executive Director who is interested in approximately 4.63% of the issued share capital of the Company and holds, as trustee for certain Directors, senior management and staff of the Group, approximately 1.44% in aggregate of the issued share capital of the Company, as at the Latest Practicable Date
“Mr. Tan”	Mr. Tan Wenhua, an executive Director and substantial Shareholder and a connected person who is beneficially interested in approximately 26.33% of the issued share capital of the Company as at the Latest Practicable Date
“PEC”	Prosperity Electric Corporation, a company incorporated in the BVI and wholly owned by Mr. Chong
“PRC”	the People’s Republic of China, which for purpose of

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	53,888,261 ordinary shares of US\$0.001 each in the capital of Sino Light
“Second S&P Agreement”	The sale and purchase agreement dated 8 November 2010 and entered into among the Company, the Vendors and the Warrantors in relation to the Acquisition
“Second Vendor”	Wintek International Corp., an investment holding company incorporated in Samoa and is beneficially and wholly owned by Ms. Hanako Hiramatsu, an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Second Vendor
“Second Warrantors”	Second Vendor together with Ms. Hanako Hiramatsu
“Seventh Vendor”	Sunvision Capital Investment Limited, an investment holding company incorporated in Samoa and is beneficially and wholly owned by Mr. Liang-Chieh Huang, an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Seventh Vendor
“Seventh Warrantors”	Seventh Vendor together with Mr. Liang-Chieh Huang
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 27 February 2008
“Sino Light”	Sino Light Investments Limited, a company incorporated in the BVI with limited liability

## DEFINITIONS

“Sino Light Group”	Sino Light, You Xin and HPT
“Sixth Vendor”	Lithium Energy Holdings Corporation, an investment holding company incorporated in the BVI and is beneficially and wholly owned by Mr. Tam Wing Keung, an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Sixth Vendor
“Sixth Warrantors”	Sixth Vendor together with Mr. Tam Wing Keung
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination Agreement”	the termination agreement dated 4 October 2010 and entered into among the Company, the Vendors and the Warrantors in relation to the termination of the First S&P Agreement
“Third Vendor”	Grand Sea Investments Limited, an investment holding company incorporated in Samoa, the issued share capital of which is beneficially owned as to approximately 37.5% by Mr. Chiao Stephen Sun-Hai (the elder brother of Mr. Chiao Ping Hai who is a non-executive Director and the chairman of the Company) and as to approximately 62.5% by Ms. Chu Ko Pin, an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Third Vendor
“Third Warrantors”	Third Vendor together with Mr. Chiao Stephen Sun-Hai
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	First Vendor, Second Vendor, Third Vendor, Fourth Vendor, Fifth Vendor, Sixth Vendor and Seventh Vendor
“Warrantors”	First Warrantors, Second Warrantors, Third Warrantors, Fourth Warrantors, Fifth Warrantors, Sixth Warrantors and Seventh Warrantors

## DEFINITIONS

“WWIC”	Wafer Works Investment Corp., an investment holding company incorporated in Samoa with limited liability and wholly owned by WWX, and a substantial shareholder of the Company interested in approximately 19.05% of its issued share capital as at the Latest Practicable Date
“WWX”	Wafer Works Corp., a company incorporated in Taiwan with limited liability whose shares are listed on the Taiwan Gre Tai Securities Market
“You Xin”	You Xin Investment Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Sino Light as at the Latest Practicable Date
“%”	per cent.

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**Solargiga Energy**

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further details of the Acquisition, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders after taking into consideration the advice of the Independent Financial Adviser, the notice of the EGM, and other information as required under the Listing Rules.

### THE SECOND S&P AGREEMENT

#### Date

8 November 2010

#### Parties

Purchaser : The Company  
Vendors : The Vendors  
Warrantors : The Warrantors

#### Assets to be acquired

The Sale Shares represent 100% of the issued shares of Sino Light. Sino Light is interested in 100% of the issued shares of You Xin which in turn is interested in 100% of the equity interests of HPT.

As at the Latest Practicable Date, the Sale Shares are owned by the Vendors as follows:

Holder of Sale Shares	No. of shares	Approximate percentage
First Vendor	17,317,120	32.14%
Second Vendor	8,377,399	15.55%
Third Vendor	7,547,170	14.00%
Fourth Vendor	4,150,943	7.70%
Fifth Vendor	2,695,116	5.00%
Sixth Vendor	11,962,923	22.20%
Seventh Vendor	1,837,590	3.41%
Total:	<u>53,888,261</u>	<u>100.00%</u>

## Consideration

The total consideration for the Acquisition is HK\$835,200,000, which will be

(c) the continuous listing of and permission to deal in the Shares from the date of

## LETTER FROM THE BOARD

### Completion

Completion shall take place at the office of the Company on the Completion Date, being the third business day following the fulfilment (or waiver thereof) of the conditions precedent or such other date as the parties to the Second S&P Agreement may agree in writing.

### Principal terms of the Convertible Bonds

Pursuant to the Second S&P Agreement, the Company will issue to the Vendors, at Completion, the Convertible Bonds pro rata to their respective shareholding interests in Sino Light, in full settlement of the consideration for the Acquisition. The terms and conditions of the Convertible Bonds have been negotiated between the Company and the Vendors on an arm's length basis. The following sets out the principal terms of the Convertible Bonds:

Issuer:	The Company
Aggregate principal amount:	HK\$835,200,000
Interest:	The Convertible Bonds shall not bear any interest
Maturity Date:	The date falling on the second anniversary of the Bond Issue Date
Conversion right:	Subject to and upon compliance with the terms and conditions of the Convertible Bonds and all regulatory requirements (including without limitation the Takeovers Code), each Bondholder shall have the right, at the sole option of such Bondholder, at any time during the Conversion Period to convert the Convertible Bonds held by such Bondholder in whole, or in any part representing at least HK\$1,000,000, of the outstanding principal amount of the Convertible Bonds into the Conversion Shares, calculated for each conversion to be the greatest number of Shares, disregarding fractions, obtainable by dividing the aggregate principal amount of the Convertible Bonds to be converted by the Conversion Price, by giving two business days' notice (such notice, once given, may not be withdrawn without the consent in writing of the Directors).

## LETTER FROM THE BOARD

Conversion shares:

The Conversion Shares shall be allotted and issued pursuant to the specific mandate to be sought at the EGM, and shall rank pari passu with the Shares in issue on the Conversion Date, save that they shall not be entitled to receive any dividend, distribution or entitlement declared, paid or made by reference to a record date prior to the relevant Conversion Date.

Upon conversion in full of the Convertible Bonds, an aggregate of 435,000,000 Conversion Shares will be issued, representing approximately 24.07% of the issued share capital of the Company as at the Latest Practicable Date and approximately 19.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no further Shares will be allotted and issued prior to such conversion).

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion price:

HK\$1.92 per Conversion Shares which, for the avoidance of doubt, shall not be subject to any adjustment. The conversion price represents:

- (a) a premium of approximately 6.08% to the closing price per Share of HK\$1.810 as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 6.19% to the average closing price per Share of approximately HK\$1.808 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 6.02% to the average closing price per Share of approximately HK\$1.811 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

## LETTER FROM THE BOARD

- (d) a premium of approximately 3.78% to the closing price per Share of HK\$1.850 as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a premium of approximately 112.80% to the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$0.902 as at 30 June 2010.

**Conversion period:** The period commencing from the business day immediately after two months of the Bond Issue Date and ending on the Bond Maturity Date, both dates inclusive.

**Redemption:** Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem each Convertible Bond then outstanding at a value equal to the aggregate principal amount then outstanding on the Bond Maturity Date by issuing Shares to the Bondholder at the Conversion Price.

The Company shall, on the occurrence of any event of default (as specified in the terms and conditions of the Convertible Bonds), redeem all the Convertible Bonds then outstanding at a value equal to the aggregate of the principal amount outstanding under the Convertible Bonds by issuing Shares to the Bondholder at the Conversion Price. Except as otherwise provided, the Convertible Bonds shall not be redeemed or repaid prior to the Bond Maturity Date.

**Ranking:** The Convertible Bonds constitute direct unconditional, unsubordinated and unsecured obligations of the Company and rank at least pari passu and rateable without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsubordinated and unsecured obligations of the Company.

## LETTER FROM THE BOARD

- Transferability: The Convertible Bonds shall not be transferable without prior written consent of the Company.
- Voting rights: The Convertible Bonds shall not confer on the Bondholder(s) the right to vote at a general meeting of the Company.
- Listing: The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.
- Covenants in relation to the conversion rights: So long as any Convertible Bond shall remain convertible the Company shall (among other things):
- (a) not make any redemption of share capital, share premium account or capital redemption reserve involving any repayment to Shareholders either in cash or in specie (other than as contemplated under the Second S&P Agreement or to the Shareholders having the right on a winding up of the Company to return of capital in priority to other Shareholders) or reduce any uncalled liability in respect thereof;
  - (b) not issue or pay up any securities by way of capitalisation of profits or reserves other than (1) by the issue of fully-paid Shares to the Shareholders or (2) by the issue of fully-paid share capital of the Company (other than Shares) to the holders thereof of the same class;
  - (c) not, unless the consent of the majority of Bondholder(s) has been obtained (such consent not to be unreasonably withheld or delayed), in any way modify the rights attaching to the Shares or create or issue or permit to be in issue any other class of share capital of the Company carrying any right to income or capital which is more favourable in any respect than the corresponding right attaching to the Shares or attach any special rights or privileges to any such other class of the share capital of the Company provided that nothing in this paragraph (c) shall prevent any consolidation or sub-division of the Shares; and

## LETTER FROM THE BOARD

- (d) if an offer is made to all Shareholders (or all Shareholders other than the offeror and/or any offeror controlled by the Company and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares forthwith give notice of such offer to the Bondholders and use its reasonable endeavours to procure that a like offer is extended to the holders of any Shares allotted or issued pursuant to the exercise by Bondholders of their rights of conversion by reference to a Conversion Date falling during the period of such offer; publication of a scheme of arrangement under the laws of the Cayman Islands or a voluntary arrangement under any applicable law providing for the acquisition by any person of the whole or any part of the Shares shall be deemed to be the making of an offer.

### Company's undertakings:

So long as any Convertible Bond shall remain convertible the Company shall (among other things) not effect any consolidation or amalgamation with, or merger into any other corporation, or any sale or transfer of all or substantially all of the assets of the Company without the written consent of the majority of Bondholder(s) (such consent not to be unreasonably withheld or delayed). In case of any consolidation or amalgamation of the Company with, or merger of Company into, any other corporation (other than a consolidation or amalgamation or merger in which the Company is the continuing corporation), or in case of any sale or transfer of all or substantially all of the assets of the Group, the Company shall use its best endeavours to cause the corporation formed by such consolidation or amalgamation or the corporation into which the Company shall have been merged or the corporation which shall have acquired such assets, as the case may be, to execute with the holders of all Convertible Bonds then outstanding a supplemental agreement providing that the holder of each Convertible Bond then outstanding shall have the right, during the period such Convertible Bond shall be convertible and to the full extent permitted by law and

## LETTER FROM THE BOARD

regulations (including without limitation the Code on Takeovers and Mergers), to convert such Convertible Bond into the kind and amount of shares or stock and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares into which such Convertible Bond might have been converted immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such provisions shall similarly apply to successive consolidations, amalgamations, mergers, sales or transfers.

The Directors consider that the issue of the Convertible Bonds as consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole, as it will not pose any pressure on the cash resources on the Company, which can otherwise be utilised for the Group's general working capital requirements as well as further developing the business of the Group.

As at the Latest Practicable Date, the Company has not received any indication from the Vendors of any specific time frame on the exercise of the Convertible Bonds. The Company has otherwise sought a confirmation from Mr. Tan and the Vendors that they will, and will procure their respective associates and parties acting in concert with any one of them, that in the event that the conversion of the Convertible Bonds results in an obligation on the part of the Vendors (and parties acting in concert with them) to make a general offer in accordance with the Takeovers Code, the Vendors, Mr. Tan, their respective associates and parties acting in concert with any one of them will take necessary steps to ensure that all relevant regulatory requirements (including those under the Takeovers Code) are observed and fully complied with.

### Tax indemnity

Pursuant to the Second S&P Agreement, Mr. Tan will, at Completion, enter into a deed of indemnity in favour of the Company and Sino Light whereby Mr. Tan will undertake to indemnify and keep indemnified the Company (for itself and as trustee for the Sino Light Group) and any member of the Sino Light Group against any loss or liability suffered or incurred by the Company or any member of the Sino Light Group including but not limited to, any diminution in the value of the assets of or shares in any member of the Sino Light Group, any payment made or required to be made by the Company or any member of the Sino Light Group and any costs and expenses incurred as a result of or in connection with any claim incurred by any member of the Sino Light Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Completion Date or any event on or before the Completion Date whether alone or in conjunction with other circumstances and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, save for the outstanding 21,094,163 share options granted under the Share Option Scheme, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares. The following table sets out the shareholding structure of the Company immediately before and after full exercise of the conversion rights attaching to the Convertible Bonds (assuming that there will be no change in the issued share capital of the Company, other than the issue of Shares pursuant to the exercise of options granted under the Share Option Scheme, from the Latest Practicable Date and up to the exercise in full of the conversion rights attaching to the Convertible Bonds):

	Upon full exercise of the conversion rights attaching to the Convertible Bonds					
	Assuming all outstanding share options granted under the Share Option Scheme have not been exercised		Assuming all outstanding share options granted under the Share Option Scheme have been exercised			
As at the Latest Practicable Date	(No 1)	(No 2)				
No. of Shares	%	No. of Shares	%	No. of Shares	%	%

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3. As at the Latest Practicable Date, an aggregate of 478,145,999 Shares are held by Mr. Tan and his associates, of which, 475,761,999 Shares are held by Mr. Tan and 2,384,000 Shares are held by Mr. Tan's relatives as mentioned in note 4 below. Upon full exercise of the conversion rights attaching to the Convertible Bonds and (i) assuming all outstanding share options granted under the Share Option Scheme have not been exercised, an aggregate of 617,934,277 Shares will be held by Mr. Tan and his associates, of which, 475,761,999 Shares will be held by Mr. Tan, 2,384,000 Shares will be held by Mr. Tan's relatives and 139,788,278 Shares will be held by the First Vendor; and (ii) assuming all outstanding share options granted under the Share Option Scheme have been exercised, an aggregate of 619,234,277 Shares will be held by Mr. Tan and his associates, of which, 476,261,999 Shares will be held by Mr. Tan, 3,184,000 Shares will be held by Mr. Tan's relatives and 139,788,278 Shares will be held by the First Vendor.
4. As at the Latest Practicable Date, six employees of the Group, namely Zhao Xiuzhen, Tan Wenge, Wang Jing, Gao Yu, Tan Wenxiang and Wang Jinsheng, who are the relatives of Mr. Tan and are considered parties acting in concert with Mr. Tan, are interested in an aggregate of 2,384,000 Shares, of which 1,788,000 Shares remain registered in the name of Mr. Chong as trustee who is entrusted to exercise voting rights and hold the dividends and other distributions made in respect of the relevant Shares in trust on their behalf.
5. As at the Latest Practicable Date, an aggregate of 104,436,165 Shares are held by Mr. Chong and his associates, of which, 2,449,500 Shares are held by Mr. Chong, 1,100,000 Shares are held by Mr. Chong's spouse, 64,140,040 Shares are held by PEC, 15,935,500 are held by PEC, 15,9.6(.6(2.6422.o8le))17.7(es)-.3lg'

LETTER FROM THE BOARD
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INFORMATION ON THE SINO LIGHT GROUP

Sino Light is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Sino Light is interested in the entire issued share capital of You Xin, an investment holding company incorporated in Hong Kong with limited liability, which in turn owns the entire issued share capital of HPT.

HPT is a company established in the PRC with limited liability and is principally engaged in the business of manufacture of monocrystalline silicon solar cells. Monocrystalline silicon solar cells are an important component of photovoltaic modules which are used to form a functional solar power generation system. On the other hand, monocrystalline silicon solar wafers, being one of the Group's major products, are an essential component for the manufacture of monocrystalline silicon solar cells. Monocrystalline silicon solar cells produced by HPT are mainly sold to module manufacturers in the PRC which in turn sell their products mainly to system installation projects.

The financial information of the Sino Light Group for each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 is as follows:

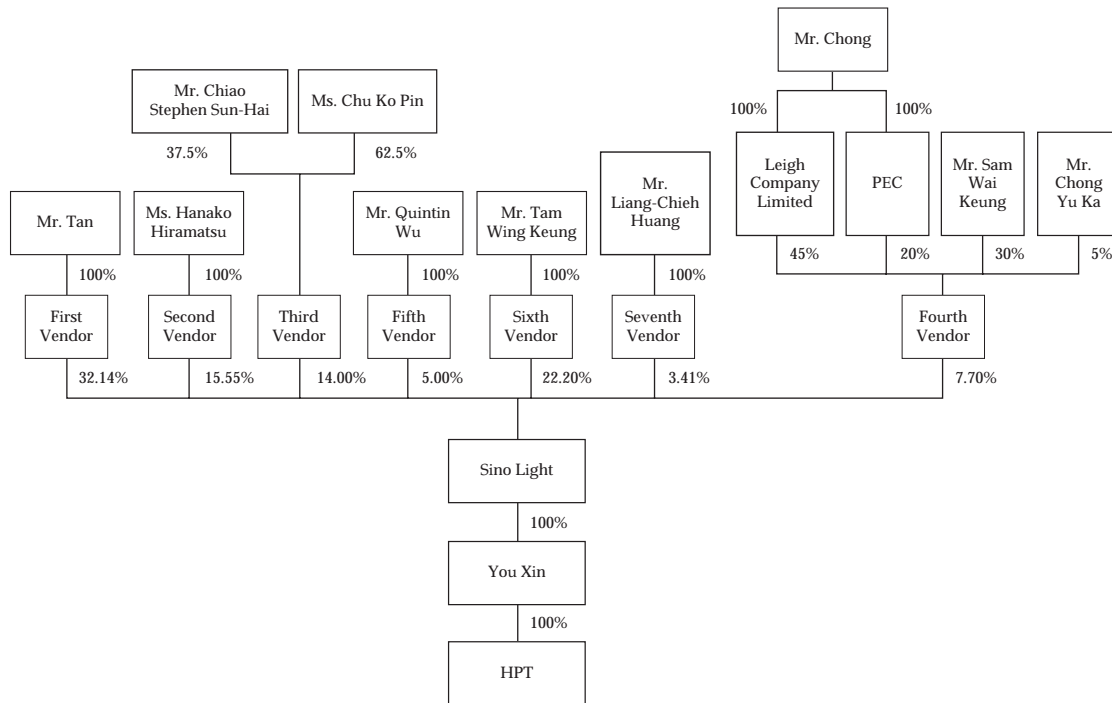
	For the year ended 31 December			For the six months ended 30
	2007	2008	2009	June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	32,064	202,197	406,826
(Loss) profit before taxation	(1,410)	(15,718)	2,769	48,389
(Loss) profit for the year/period	(1,410)	(21,250)	9,731	36,442
	As at 31 December			As at 30
	2007	2008	2009	June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	68,549	47,299	57,186	112,881

## Vendors' original investments in the Sino Light Group

- (a) Upon the establishment of HPT, HPT was owned as to 53% by Mr. Tan's controlled corporation, as to 22% by the Fourth Vendor, as to 20% by the Third Vendor and as to 5% by the Fifth Vendor.
- (b) Mr. Tan, the ultimate beneficial owner of the First Vendor, has through his controlled corporation, contributed an aggregate of RMB37.1 million to HPT for the 53% equity interests in HPT, and the Fourth Vendor has contributed an aggregate of RMB15.4 million to HPT for the 22% equity interests in HPT.
- (c) In December 2009, the Sino Light Group underwent a corporate reorganisation (the "Reorganisation") whereby Sino Light now holds 100% of the issued shares of You Xin which in turn holds 100% of the equity interests of HPT. Sino Light, being the ultimate holding company of HPT, was owned as to 53% by the First Vendor, as to 22% by the Fourth Vendor, as to 20% by the Third Vendor and as to 5% by the Fifth Vendor after the Reorganisation.
- (d) On 29 December 2009, the Fourth Vendor transferred shares of Sino Light, representing approximately 11% of the then issued shares of Sino Light, to the Second Vendor for a cash consideration of HK\$8,778,000. The shareholding of the Fourth Vendor was reduced to 11% after such share sales.
- (e) On 30 December 2009, the Sixth Vendor and the Seventh Vendor subscribed for new shares of Sino Light, representing approximately 26.56% and 3.41% of the enlarged issued shares of Sino Light, respectively, at the subscription price of US\$7,790,000 and US\$1,000,000, respectively. On the same date, the First Vendor transferred shares of Sino Light, representing approximately 4.98% of the issued shares of Sino

## LETTER FROM THE BOARD

Set out below is the shareholding structure of the Sino Light Group as at the Latest Practicable Date:



### Existing transactions between the Group and the Sino Light Group

As at the Latest Practicable Date, the following continuing connected transactions were entered into between the Group and HPT:

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On 12 August 2008, the Company entered into a framework sale agreement with HPT (“HPT Sale Agreement”) pursuant to which the Company has agreed to sell, or procure its subsidiaries to sell, and HPT agreed to buy, silicon solar wafers. Upon the approval from the independent shareholders of the Company in respect of the HPT Sale Agreement on 7 November 2008, the HPT Sale Agreement has become effective and will expire on 31 December 2010. Formal sale agreements (by way of purchase orders and confirmations) are to be entered into between the Company (and/or its subsidiaries) and HPT (and/or its subsidiaries) with the detailed terms and conditions as specified in the relevant purchase orders. The sale arrangements under the HPT Sale Agreement have been conducted on normal commercial terms and on terms no less favourable than those available from independent third parties.



For the two years ending 31 December 2011, the annual transaction amounts for the transactions under the Solar Cells Supply Agreement will not exceed (a) RMB397,860,000 for the year ending 31 December 2010; and (b) RMB755,934,000 for the year ending 31 December 2011. The annual cap amounts under the Solar Cells Supply Agreement are determined by reference to (i) the expected production capacity of solar modules for the years ending 31 December 2011 arising from the Group's inception in the downstream business in the photovoltaic industry; (ii) the expected level of demand of solar cells for the Group's requirements in respect of the production of solar modules; (iii) the anticipated demand from the Group for solar modules; and (iv) the Group's requirements in respect of solar modules. The annual cap amounts under the Solar Cells Supply Agreement are RMB397,860,000 for the year ending 31 December 2010 and RMB755,934,000 for the year ending 31 December 2011.

## FINANCIAL EFFECTS OF THE ACQUISITION

### Assets

As at 30 June 2010, the unaudited consolidated total assets of the Group were approximately RMB2,406.35 million. As set out in the section headed “Unaudited pro forma financial information on the Enlarged Group” in appendix III to this circular, assuming the Acquisition was completed on 30 June 2010, the unaudited pro forma consolidated total assets of the Enlarged Group would have been increased by approximately RMB1,102.91 million to approximately RMB3,509.26 million.

### Liabilities

As at 30 June 2010, the unaudited consolidated total liabilities of the Group were approximately RMB957.44 million. As set out in the section titled “Unaudited pro forma financial information of the Enlarged Group” in appendix III to this circular, assuming the Acquisition was completed on 30 June 2010, the unaudited pro forma consolidated total liabilities of the Enlarged Group would have been increased by approximately RMB376.87 million to approximately RMB1,334.31 million.

### Earnings

After taking into account the potential business synergies and other benefits that is expected to result from the Acquisition as mentioned in the section headed “Reasons for

## LETTER FROM THE BOARD

The Vendors, Mr. Tan, their respective associates and parties acting in concert with any one of them and those who are involved in or interested in the Acquisition will abstain from voting at the EGM in respect of the resolutions for approving the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

The Independent Board Committee comprising Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun, the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares. The two non-executive Directors, namely, Mr. Chiao Ping Hai and Mr. Chong, have not been appointed as members of the Independent Board Committee as (i) Mr. Chiao Stephen Sun-Hai, who is beneficially interested in approximately 37.5% of the issued share capital of the Third Vendor, is the elder brother of Mr. Chiao Ping Hai, Mr. Chiao Ping Hai is an associate of Mr. Chiao Stephen Sun-Hai and is considered to have an interest in the Acquisition; and (ii) Mr. Chong is, through his wholly owned companies, interested in 65% of the issued share capital of the Fourth Vendor and is therefore regarded as a party acting in concert with the Fourth Vendor.

As stated above, as Mr. Tan, Mr. Chiao Ping Hai and Mr. Chong have material interests in the Second S&P Agreement and the transactions contemplated thereunder, they have abstained from voting on the board resolutions approving the Second S&P Agreement and the transactions contemplated thereunder. Save as the aforesaid, no Director has any material interest in the Second S&P Agreement and the transactions contemplated thereunder and therefore none of the Director was required to abstain from voting on the board resolutions approving the Second S&P Agreement and the transactions contemplated thereunder.

### EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at Vinson Room, Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 26 January 2011 at 4:00 p.m. is set out on pages 146 to 148 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of a listed issuer must be taken by poll. Therefore, all the resolutions proposed at the EGM will be voted by poll.

## LETTER FROM THE BOARD

### RECOMMENDATIONS

The Directors are of the opinion that the terms of the Second S&P Agreement and the Convertible Bonds are fair and reasonable and the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

Your attention is drawn to the recommendation of the Independent Board Committee (as set out on pages 29 to 30 of this circular) and the advice of the Independent Financial Adviser (as set out on pages 31 to 54 of this circular) regarding the terms of the Acquisition.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Second S&P Agreement and the Convertible Bonds are fair and reasonable and the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are in the interests of the Company and the Shareholders as a whole, and therefore, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

### FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

As Completion is subject to the fulfilment of a number of conditions precedent under the Second S&P Agreement, the Acquisition may or may not proceed or lead to a general offer. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.

Yours faithfully,  
For and on behalf of  
Solargiga Energy Holdings Limited  
Hsu You Yuan  
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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Second S&P Agreement and the Convertible Bonds and the advice from the Independent Financial Adviser, we consider that the terms of the Second S&P Agreement and the Convertible Bonds are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

Yours faithfully,

Independent Board Committee

Wong Wing Kuen, Albert

Fu Shuangye

Lin Wen

Zhang Chun

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In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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C o o a c o a o G o

The following table is a summary of the Group's audited results for the two years ended 31 December 2009 and the unaudited results of the Group for the six months ended 30 June 2010 as extracted from the latest published annual and interim reports of the Group:

	Years ended		Six months ended	
	31 December		30 June	
	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
	( a )	( a )	( a )	( a )
Turnover	1,492,935	658,720	303,705	796,411
Gross profit/(loss)	225,510	(5,780)	(85,558)	95,247
Profit/(Loss) before tax	117,370	(114,766)	(148,847)	52,551
Income tax				
(expense)/benefit	<u>(33,991)</u>	<u>16,624</u>	<u>29,100</u>	<u>(12,006)</u>
Profit/(Loss) for the				
year/period	<u>83,379</u>	<u>(98,142)</u>	<u>(119,747)</u>	<u>40,545</u>

For the year ended 31 December 2009, turnover of the Group decreased by approximately 55.9% from approximately RMB1,492.9 million for the year ended 31 December 2008 to approximately RMB658.7 million. Such significant decline in turnover was mainly attributable to adverse impact to the solar energy industry in the wake of the global financial crisis and resulted in sluggish market demand for the Group's products. Turnover of the Group continued to be dominated by the sales of polysilicon and monocrystalline and multicrystalline silicon solar ingots, wafers and modules, representing approximately 94.6% of the overall turnover of the Group for the year ended 31 December 2009. The Group recorded a gross loss of approximately RMB5.8 million for the year ended 31 December 2009 as compared to the gross profit of approximately RMB225.5 million for the year ended 31 December 2008. Such significant decrease in gross profit was mainly attributable to the write-down of inventories of approximately RMB172.6 million during the year ended 31 December 2009 due to the continuous fall in raw material prices and product selling prices caused by the weakened demand for energy products in 2009. As stated in the annual report of the Company for the year ended 31 December 2009, the Group recorded a gross profit of approximately RMB166.8 million after excluding the impact of write-down in inventories and the Group's gross profit would have recorded a

decrease of approximately 62.6% as compared to the year ended 31 December 2008. The Group recorded a net loss of approximately RMB98.1 million for the year ended 31 December 2009 as compared to a net profit of approximately RMB83.4 million for the year ended 31 December 2008. The deterioration of the Group's financial performance was mainly due to the significant write-down of inventories and the downturn in the global financial markets as mentioned above.

For the six months ended 30 June 2010, turnover of the Group increased substantially by approximately 162.2% from approximately RMB303.7 million for the six months ended 30 June 2009 to approximately RMB796.4 million. In addition, gross profit of the Group for the six months ended 30 June 2010 also rebounded substantially from gross loss of approximately RMB85.6 million for the six months ended 30 June 2009 to gross profit of approximately RMB95.2 million for the six months ended 30 June 2010. Such significant improvement in the financial performance of the Group was mainly attributable to (i) the rebound of market demand for the Group's solar energy products following the recovery of the global economy which significantly increased the sales volume of the Group; (ii) a more favorable operating environment caused by the stabilised raw material prices since the first quarter of 2010; and (iii) no write-down of inventories was made for the six months ended 30 June 2010. The Group's net profit for the six months ended 30 June 2010 rebounded to approximately RMB40.5 million as compared to net loss of approximately RMB119.7 million during the corresponding period in 2009.

As stated in the announcement of the Company dated 27 October 2010, the Group's unaudited consolidated turnover and profit attributable to equity shareholders of the Company were approximately RMB1,301.2 million and RMB123.0 million respectively for the nine months ended 30 September 2010, as compared to the same for the nine months ended 30 September 2009 of approximately RMB472.7 million and loss of approximately RMB106.8 million respectively. The Directors considered that such significant growth was due to the increase in selling price of wafers together with increase in shipment volume.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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The following is a summary of the Group's assets and liabilities as at 31 December 2009 and 30 June 2010 as extracted from the latest published interim report of the Company:

	31 December 2009 RMB'000 ( a )	30 June 2010 RMB'000 ( a )
Non-current assets	921,054	973,580
Current assets	1,126,895	1,432,771
<b>Total assets</b>	<b>2,047,949</b>	<b>2,406,351</b>
Current liabilities	495,472	810,738
Non-current liabilities	145,197	146,705
<b>Total liabilities</b>	<b>640,669</b>	<b>957,443</b>
<b>Net assets</b>	<b>1,407,280</b>	<b>1,448,908</b>

As at 30 June 2010, the Group had total assets of approximately RMB2,406.4 million, representing an increase of approximately 17.5% as compared with the same as at 31 December 2009. Non-current assets amounted to approximately RMB973.6 million as at 30 June 2010, representing approximately 40.5% of the Group's total assets as at 30 June 2010, among which, property, plant and equipment amounted to approximately RMB550.9 million, representing approximately 22.9% of the Group's total assets. Current assets of the Group mainly comprised of inventories, trade and other receivables and cash at bank and in hand. As at 30 June 2010, inventories, trade and other receivables and cash at bank and in hand amounted to approximately RMB547.9 million, RMB506.9 million and RMB313.4 million, representing approximately 22.8%, 21.1% and 13.0% of the Group's total assets respectively.

As at 30 June 2010, total liabilities of the Group amounted to approximately RMB957.4 million, representing a significant increase of approximately 49.4% as compared with the same as at 31 December 2009. Such significant increase was mainly due to the increase in trade and other payables and unsecured short-term bank loans of approximately 110.7% and 29.6% respectively as compared with the same as at 31 December 2009. Trade and other payables and unsecured short-term bank loans amounted to approximately RMB434.3 million and RMB374.8 million, representing approximately 45.4% and 39.1% of the Group's total liabilities, respectively as at 30 June 2010.

The net debt to equity ratio (being net debt divided by equity attributable to Shareholders) decreased from approximately 5.9% at 31 December 2009 to approximately 4.9% as at 30 June 2010.

2. Business and financial information of the Sino Light Group

(i) Business of Sino Light Group

Sino Light is an investment holding company incorporated in the BVI with limited liability. Sino Light is interested in the entire issued share capital of You Xin, an investment holding company incorporated in Hong Kong with limited liability, which in turn owns the entire issued share capital of HPT.

Since the production of the Sino Light Group was only commenced during the year ended 31 December 2008, no turnover was recorded for the year ended 31 December 2007. There was no income to cover the administrative expenses and finance costs of the Sino Light Group and a net loss of approximately RMB1.4 million was recorded for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of approximately RMB20.3 million for the six months ended 30 June 2009 as a result of the economies of scale achieved which reduced the per unit production cost. Accordingly, the Sino Light Group recorded a net profit of approximately RMB36.4 million for the six months ended 30 June 2010 as compared to a net loss of approximately RMB23.9 million for the six months ended 30 June 2009. The overall significant improvement of the Sino Light Group's financial performance was mainly due to the increase in demand for the Sino Light Group's products and the improvement in profit margins of the Sino Light Group as a result of a higher utilisation of production capacity and economies of scale in production.

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The following is a summary of the Sino Light Group's assets and liabilities as at 31 December 2009 and 30 June 2010 based on the accountants' report on the Sino Light Group as set out in the Appendix II of the circular:

	31 December 2009 RMB'000 (a )	30 June 2010 RMB'000 (a )
Non-current assets	236,307	245,360
Current assets	275,346	260,324
 Total assets	 511,653	 505,684
 Current liabilities	 199,533	 133,981
Non-current liabilities	254,934	258,822
 Total liabilities	 454,467	 392,803
 Net assets	 57,186	 112,881

As at 30 June 2010, Sino Light Group had total assets of approximately RMB505.7 million, representing a decrease of approximately 1.2% as compared with the same as at 31 December 2009. Non-current assets amounted to approximately RMB245.4 million as at 30 June 2010, representing approximately 48.5% of Sino Light Group's total assets as at 30 June 2010, among which, property, plant and equipment, being the manufacturing facilities of the Sino Light Group, amounted to approximately RMB199.7 million, representing approximately 39.5% of Sino Light Group's total assets. Current assets of Sino Light Group mainly comprised inventories, trade and other

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

receivables and cash and cash equivalents. As at 30 June 2010, inventories, trade and other receivables and cash and cash equivalents amounted to approximately RMB53.4 million, RMB98.8 million and RMB92.0 million, representing approximately 10.6%, 19.5% and 18.2% of the Sino Light Group's total assets, respectively.

As at 30 June 2010, total liabilities of the Sino Light Group amounted to approximately RMB392.8 million, representing a decrease of approximately 13.6% as compared with the same as at 31 December 2009. Such decrease was mainly due to the decrease in trade payables and other payables of approximately 35.2% as compared with the same as at 31 December 2009. As at 30 June 2010, trade and other payables included (i) trade payables; (ii) other payables and accrued expenses; and (iii) other financial liabilities at amortised cost, amounting to approximately RMB77.8 million, RMB8.2 million and RMB43.3 million respectively. Other financial liabilities at amortised cost represented the obligation of the Sino Light Group under a puttable option granted to Class B ordinary shareholders to repurchase their shares at their initial contributions of RMB60.0 million plus accrued interest, less the amount extinguished upon the re-designation of shares. In the event that the Acquisition was completed on or before 31 December 2011, such repurchase obligation by the Sino Light Group will cease to be in effect and the relevant amount of approximately RMB43.3 million under the trade and other payables as at 30 June 2010 will be extinguished on the date of re-designation of shares. In addition, non-current liabilities mainly comprised unsecured bank loans and deferred income of various government grants, amounting to approximately RMB210.0 million and RMB42.6 million respectively as at 30 June 2010.

The net debt to equity ratio (being net debt divided by equity attributable to Shareholders) of the Sino Light Group was approximately 90.3% as at 30 June 2010 as compared to 275.2% as at 31 December 2009. The relatively high net debt to equity ratio of the Sino Light Group was mainly due to the above-mentioned unsecured bank loans and the improvement in the net debt to equity ratio as at 30 June 2010 was mainly due to the increase in shareholders' equity during the six months ended 30 June 2010.

### 3. Background to and reasons for the Acquisition

Reference is made to the announcement of the Company dated 5 October 2010 in relation to, among other things, the entering into of the First S&P Agreement and the termination thereof. After the termination of the First S&P Agreement, the Second S&P Agreement was entered into among the Company, the Vendors and the Warrantors on 8 November 2010 pursuant to which the Company has conditionally agreed to purchase the Sale Shares from the Vendors at a total consideration of HK\$835,200,000 (the "Consideration"), which will be satisfied in full by the issue of the Convertible Bonds.

The Group is a leading manufacturer of monocrystalline silicon solar ingots and wafers in the PRC. Its products are used for the manufacture of photovoltaic cells which are important components for solar energy generation systems. Currently, the Group has developed its downstream photovoltaic module and system installation business through a 51% owned subsidiary in Jinzhou, Liaoning Province, the PRC. As set out in the annual report for the year ended 31 December 2009, the Group's future profit growth points rely on the development of the downstream business of solar energy photovoltaic modules.

The Sino Light Group is principally engaged in the manufacturing of monocrystalline silicon solar cells which is an important component of photovoltaic modules. Meanwhile, silicon solar wafer, the Group's major products, is an essential component for the manufacture of monocrystalline silicon solar cells. The Acquisition will provide an opportunity for the Group to develop the downstream business of solar energy photovoltaic modules.

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4. Evaluation of the Consideration

As set out in the letter from the Board, the Consideration for the Acquisition of HK\$835.2 million was determined among the parties after arm's length negotiations with reference to, among other things, the potential business synergies between the Group and the Sino Light Group, improvement in the business profile of the Group as a result of the Acquisition, enhanced ability of the Group to better strategising its upstream and downstream businesses and other benefits that the Acquisition may bring into the Group for the Group's future development.

The Sino Light Group is principally engaged in the manufacturing of silicon solar cells in the PRC, in assessing the fairness and reasonableness of the Consideration for the Sino Light Group, we noted that there are no companies listed on the Stock Exchange that are principally engaged in the manufacturing of silicon solar cells in the PRC. In this regards, we have also extended our scope of analysis into silicon solar cells manufacturers in the PRC listed on the stock exchange in the PRC. However, we have only identified, to the best of our knowledge, two PRC listed companies that are principally engaged in the manufacturing of silicon solar cells in the PRC (the "PRC Comparables"). Having considered the Sino Light Group is principally engaged in the manufacturing of silicon solar cells in the PRC, we have further extended our scope of analysis into silicon solar cells manufacturers in the Asia Pacific region, which are of close proximity to the operations of the Sino Light Group. To the best of our knowledge, most of the silicon solar cells manufacturers in the Asia Pacific region are listed in the stock exchanges in the PRC or Taiwan and we identified seven companies listed in the stock exchanges in Taiwan that are principally engaged in the manufacturing of silicon solar cells (the "Taiwan Comparables", collectively with the PRC Comparables, (the "Comparable Companies")). After taking into account the Sino Light Group generated profit for the year ended 31 December 2009, we consider that comparing the price to earnings ratio (the "P/E Ratio(s)") represented by the Consideration against those of the Comparable Companies is appropriate in the present case. Nevertheless, given (i) the poor market condition of the solar industry in 2009; (ii) five out of the nine Comparable Companies were loss making for the latest published financial year; and (iii) the manufacturing of solar cell requires infrastructure capital, in assessing the fairness of the Consideration, in addition to the P/E Ratios analysis, we also consider that it is reasonable to compare the price to book ratio (the "P/B Ratio(s)") represented by the Consideration against those of the Comparable Companies. Set

out below is a table comparing the P/E Ratio and P/B Ratio represented by the Consideration against those of the Comparable Companies based on their closing prices at the Latest Practicable Date:

Company	Principal operation	Market capitalisation (HK\$ )	P/E Ratio ( )	P/B Ratio ( )
		( 0 1)	( 0 2)	( 0 3)
Listed on the stock exchange in the PRC				

Nevertheless, given there is not much PRC listed silicon solar cells manufacturers, we believe that the Comparable Companies, being silicon solar cells manufacturers in the Asia Pacific region, serve as reasonable benchmark in assessing the fairness of the Consideration.

As shown in the table above, we noted that the P/E Ratio and P/B Ratio represented by the Consideration is below the P/E Ratios and P/B Ratios of the PRC Comparables. Given there was only two PRC Comparables, after extended our scope of analysis to silicon solar cells manufacturers in the Asia Pacific region, we noted that the P/E Ratios of the Comparable Companies range from 93.1 to 313.3 with the mean and median of 216.6 and 229.9 respectively, while the P/B Ratios of the Comparable Companies range from 1.1 to 9.3 with the mean and median of 3.0 and 1.7 respectively. The P/E Ratio and P/B Ratio represented by the Consideration are within the range of the corresponding ratios for all the Comparable Companies and, in particular, the P/E Ratio represented by the Consideration is below the mean and median of the P/E Ratios of the Comparable Companies.

In addition, we also noted that (i) the Fourth Vendor transferred part of its shares in Sino Light to the Second Vendor at a consideration valued the Sino Light Group at approximately RMB79.8 million (equivalent to approximately HK\$92.8 million) on 29 December 2009 (the “2009 First Consideration”); (ii) on 30 December 2009, the Sixth Vendor and the Seventh Vendor subscribed new shares of Sino Light at the subscription price which valued the Sino Light Group at approximately US\$29.3 million (equivalent to approximately HK\$228.5 million) and the First Vendor transferred part of its shares in Sino Light to the Sixth Vendor at a consideration which also valued the Sino Light Group at approximately US\$29.3 million (equivalent to approximately HK\$228.5 million) (the “2009 Second Consideration”); (iii) on 12 April 2010, the Sixth Vendor transferred part of its shares in Sino Light to the Second Vendor and the Fifth Vendor which also valued the Sino Light Group at the 2009 Second Consideration; and (iv) both the 2009 First Consideration and the 2009 Second Consideration are substantially lower than the Consideration. Having considered (i) the substantial increase in turnover and profit of the Sino Light Group for the six months ended 30 June 2010; and (ii) the increase in demand for products of the Sino Light Group during the six months ended 30 June 2010 which resulted in substantial enhancement in the financial performance of the Sino Light Group were not yet available at the time of the abovementioned transactions in 2009 and 2010, we consider that it may not be reasonable to compare the 2009 First Consideration and the 2009 Second Consideration with the Consideration directly.

After taking into account (i) the substantial increase in turnover and profits of the Sino Light Group during the six months ended 30 June 2010 as mentioned in the section headed “Business and financial information of the Sino Light Group” above;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Settlement method of the Consideration

Pursuant to the terms of the Second S&P Agreement, the Consideration for the Acquisition will be satisfied by the issue of the Convertible Bonds by the Company to the Vendors.

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The Convertible Bonds, with a principal amount of HK\$835.2 million, are non-interest bearing and convertible into the Conversion Shares at the initial conversion price of HK\$1.92 per Conversion Share. The outstanding principal amount of the Convertible Bonds shall be redeemed by the Company on the Bond Maturity Date (the second anniversary of the date of issue of the Convertible Bonds) by the allotment and issue of Conversion Shares.

The entire amount of the Consideration will be satisfied by the issue of the Convertible Bonds, which are non-interest bearing with a maturity of two years, and enables the Group to satisfy the Consideration without any cash outlay. Upon conversion of the Convertible Bonds by the holders thereof, the equity base of the Company would be enlarged. We are advised that Mr. Tan and the Vendors has undertaken to the Company that, should the conversion or redemption of the Convertible Bonds result in an obligation under the Takeovers Code to make a general offer (which is on the part of the Vendors and parties acting in concert with them), the Vendors, Mr. Tan, their respective associates and parties acting in concert with any one of them will take necessary steps to ensure that all relevant regulatory requirements are observed and fully complied with.

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The initial Conversion Price of HK\$1.92 represents:

- (i) a premium of approximately 3.78% to the closing price of HK\$1.850 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 6.08% to the closing price of HK\$1.810 per Share as quoted on the Stock Exchange on the Last Trading Day;



As shown in the chart above, the Share price was on an upward trend during the first two months of the Review Period and reached the highest closing price during the Review Period of HK\$3.24 on 3 June 2009 after the Company made an announcement in relation to the entering into of the memorandum of understanding for the acquisition of Kinmac Solar Corporation (the “MOU”) and the subscription of new shares at HK\$2.92 per Share on 1 June 2009. Afterward, the Share price was on a downward trend up to 15 October 2009.

Following the announcement dated 15 October 2009 in relation to the application for the proposed offering and listing of Taiwan depository receipts (“TDRs”) on Taiwan Stock Exchange Corporation, the Share price only increased by approximately 1.03% on 16 October 2009 as compared to 15 October 2009 and then increased by approximately 0.91% on 11 December 2009 upon the TDRs commenced trading on the Taiwan Stock Exchange Corporation as compared to 10 December 2009.

After trading hours on 17 March 2010, the Company announced its annual results for the year ended 31 December 2009 (“2009 Results Announcement”) with net loss of approximately RMB98.1 million. Following the 2009 Results Announcement, the Share price decreased

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LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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(2) Trading volume of the Shares

The table set forth below is the monthly trading volume of the Shares on the Stock Exchange during the Review Period:

	Total monthly trading volume of the Share (million Shares) (No 1)	Average daily trading volume of the Shares during the month (million Shares)	% of average daily trading volume of the Shares to the average total issued Shares (No 2)	% of average daily trading volume of the Shares to average public float (No 3)
<b>2009</b>				
April	434.554	21.728	1.29%	4.22%
May	601.126	31.638	1.86%	6.44%
June	300.322	13.651	0.80%	2.84%
July	229.347	10.425	0.61%	2.09%
August	114.286	5.442	0.32%	1.04%
September	119.251	5.420	0.32%	1.03%
October	83.390	4.170	0.24%	0.73%
November	250.446	11.926	0.70%	2.05%
December	154.101	7.005	0.40%	1.09%
<b>2010</b>				
January	87.503	4.375	0.24%	0.63%
February	23.401	1.300	0.07%	0.18%
March	81.864	3.559	0.20%	0.51%
April	63.917	3.364	0.19%	0.48%
May	47.060	2.353	0.13%	0.33%
June	29.142	1.388	0.08%	0.20%
July	76.523	3.644	0.20%	0.51%
August	51.860	2.357	0.13%	0.33%
September	104.858	4.993	0.28%	0.70%
October	56.783	3.154	0.17%	0.44%
November	102.025	4.637	0.26%	0.65%
December (No 4)	59.304	7.413	0.41%	1.05%

No :

- (1) Source: Bloomberg
- (2) Calculated based on the average number of issued Shares for each month during the Review Period.
- (3) Calculated based on the average number of public float Shares for each month during the Review Period.
- (4) Up to the Latest Practicable Date.

As illustrated in the table above, during the Review Period, the average daily trading volume of the Shares was less than 1.0% of the average total issued Shares, save for April and May of 2009, and within the range of 0.07% to 0.80%; while the average daily trading volume of the Shares, save for April and May of 2009, was less than 3.0% of the average total Shares held by the public and within the range of 0.18% and 2.84%, and even less than 1.0% of the average total Shares held by the public since January 2010. Save for the entering into a memorandum of understanding relating to a proposed formation of joint venture announced by the Company on 15 April 2009, the Directors were not aware of any reasons for the increase in the trading volume in April and May of 2009. Such joint venture is mainly engaged in the production and sales of photovoltaic modules as well as design and installation of photovoltaic systems. Based on the above, we consider that the liquidity of the Shares is moderately low.

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issuance of the Two-year CB Comparables would not have material effect on their respective terms. Details of the Two-year CB Comparables are summarised below:

Date of announcement	Company name (Stock code)	Market capitalisation (HK\$ 0 ) (No 1)	Principal amount (HK\$ 0 )	Maturity (Y a )	Coupon (%)	Redemption price at maturity (%)	Yield to Maturity (YTM) (%)	Premium/ (Discount) of the initial conversion price over/(to) the closing price of shares on the last trading day (%) (No 2)
4 Jan-10	SMI Corporation Limited (198)	2,881.1	100.0	2	1.00	100.0	0.67	(3.28)
19 Feb-10	China Outdoor Media Group Limited (254)	458.7	9.8	2	4.00	100.0	2.70	(9.60)
9 Mar-10	China Nonferrous Metals Company Limited (8306)							

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No :

- (1) Market capitalization as at the Latest Practicable Date obtained from Bloomberg
- (2) Based on the initial conversion prices of the Two-year CB Comparables and the closing price of the shares of the Two-year CB Comparables companies on the last trading date before the issue of their respective announcement.
- (3) Based on 1% plus the prime rate of 5.25% in Hong Kong as at the Latest Practicable Date.
- (4) The relevant conversion price is based on the higher of (i) the average closing price per share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of conversion and (ii) the nominal value of the share or the conversion floor price (as the case may be).

As indicated above, the conversion prices of the Two-year CB Comparables range from a discount of approximately 72.22% to a premium of approximately 22.28% with an average and median of a discount of approximately 7.95% and 1.64% to the closing price of the last trading day immediately prior to the date of their respective announcements, respectively. The premium of the Conversion Price to the closing price of the Shares on the Last Trading Day of approximately 6.08% is within the range of those of the Two-year CB Comparables.

The Convertible Bonds are non-interest bearing and are redeemable at maturity at 100%, giving a yield to maturity (“YTM”) of 0%. As indicated in the above table, out of the eighteen Two-year CB Comparables, seven of them have zero YTM, and the Two-year CB Comparables have an average and median YTM of approximately 1.62% and 0.67% respectively. The coupon rates for the Two-year CB Comparables range from 0.00% to 6.25% with average and median of approximately 1.60% and 0.25% respectively.

It should however be noted that (i) the nature of business of the companies issuing the Two-year CB Comparables are different from the business of the Company; (ii) the fundamental factors of each company issuing the Two-year CB Comparables are different; and (iii) the purpose of the issuance of the Two-year CB Comparables are different, which might result in different extent of premium/discount of the initial conversion prices over/(to) the closing price of shares on the last trading day and the YTM of the Two-year CB Comparables, we consider that the Two-year CB Comparables only provide a general reference to Shareholders but should not be used in isolation in determine the reasonableness of the terms of the Convertible Bonds.

Having considered that (i) the Conversion Price represents a premium of approximately 6.19% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day per Share; (ii) the Conversion Price represents a premium of approximately 109.0% to the

unaudited consolidated net asset value attributable to equity holders of the Company per Share of approximately HK\$0.919 as at 30 June 2010; (iii) the moderately low trading volume of the Shares during the Review Period; (iv) the terms of the Convertible Bonds are within the range of the terms of the Two-year CB Comparables; and (v) the issuance of the Convertible Bonds allows the Group to complete the Acquisition without any cash outflow to the Group, we are of the view that the terms of the Convertible Bonds, including the Conversion Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Effects of the Acquisition to the Group

(i) *F a c a* *c* *o* *n* *s* *i* *d* *e* *n* *t* *A* *c* *q* *u* *i* *s* *i* *t* *i* *o* *n* *t* *h* *e* *E* *n* *l* *a* *r* *g* *e* *d* *G* *r* *o* *u* *p*

Upon Completion, the Sino Light Group will become wholly-owned subsidiaries of the Company and their results will be consolidated into the financial statements of the Enlarged Group.

(a) *E a*

Given that the Sino Light Group has been generating profits for the year ended 31 December 2009 and the six months ended 30 June 2010, the Acquisition is expected to have positive effect to the earnings of the Group after the Completion.

As mentioned in part (b) below, the goodwill to be recognised in the consolidated balance sheet of the Group as a result of the Acquisition will be subject to the annual impairment review in accordance with the accounting policies of the Group. The goodwill would not have any material impact on the Group's earnings unless impairment loss is required to be recognised.

(b) *N a* *a*

According to the unaudited pro forma financial information of the Enlarged Group contained in appendix III to the Circular, the net assets of the Enlarged Group would increase to approximately RMB2,174.9 million assuming the Completion had taken place on 30 June 2010 from approximately RMB1,448.9 million as at 30 June 2010. This is mainly attributable to (i) the consolidation of the assets and liabilities of the Sino Light Group of approximately RMB112.9 million; and (ii) the recognition of goodwill of approximately RMB607.4 million representing the excess of the fair value of the consideration payable by the Company by the issuance of the Convertible Bonds over the fair value of the assets acquired and liabilities assumed of the Sino Light Group.

According to the accounting policies of the Group, the actual amount of the goodwill that arises from the Acquisition would be

determined on the Completion Date. Since the fair value of the assets and liabilities of the Sino Light Group at Completion may be substantially different from the estimates used for the purpose of preparation of the unaudited pro forma financial information, the actual amount of goodwill arising from the Acquisition may be different from the estimated goodwill. The amount of goodwill arising from the Acquisition will be recognised in the consolidated balance sheet of the Enlarged Group subsequent to the Completion.

Shareholders should note that according to the accounting policies of the Group, goodwill is subject to assessment for impairment at least annually. Impairment loss would be recognised as an expense for the amount by which the asset's carrying amount exceeds its recoverable or revalued amount. Accordingly, if the recoverable amount of the assets is less than its carrying amount, impairment loss would be incurred by the Group.

We are advised that the Convertible Bonds will be classified as an equity instrument in the consolidated balance sheet of the Enlarged Group because, the Convertible Bonds do not bear any interest and is not redeemable in cash but are only convertible to the Company's own shares under the terms and conditions of the Convertible Bonds. In addition, the conversion option of the Convertible Bonds would be settled by delivering a fixed number of the Company's own equity instruments for fixed amount of financial asset, the conversion option is also considered equity of the Company.

(c) *G a a o c a a*

The Consideration will be entirely satisfied by the issuance of the Convertible Bonds. Accordingly, the Acquisition would not result in net cash outflow to the Group.

According to the unaudited pro forma financial information of the Enlarged Group contained in appendix III to the Circular, the net borrowing and the net debt to equity ratio (being net debt divided by equity attributable to Shareholders) of the Enlarged Group would increase to approximately RMB172.1 million and approximately 8.0% as compared to the same of approximately RMB70.2 million and 4.9% of the Group as at 30 June 2010, respectively.

In addition, given that Sino Light Group had an outstanding capital commitment for construction project, purchase of plants and equipment of approximately RMB80.2 million as at 30 June 2010, the Acquisition is expected to increase the capital commitment of the Enlarged Group. We are advised that the capital commitment of the Sino Light Group is expected to be financed by internal resources and/or existing bank facilities of the Sino Light Group and is not expected to have any material impact to the working capital of the Enlarged Group.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Assuming that there are no changes in the issued share capital of the Company between the Latest Practicable Date and the Completion Date, set out below is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion assuming full conversion of the Convertible Bonds:

		Upon full exercise of the conversion rights attaching to the Convertible Bonds					
		As at the Latest Practicable Date		Assuming all outstanding share options granted under the Share Option Scheme have not been exercised (No. 1)		Assuming all outstanding share options granted under the Share Option Scheme have been exercised (No. 2)	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
I.	The Vendors, Mr. Tan and parties acting in concert with any one of them						
	Directors						
	Mr. Tan and his associates	478,145,999	26.46	617,934,277	27.56	619,234,277	27.35
	Mr. Chong and his associates	104,436,165	5.78	137,943,652	6.16	137,943,652	6.08
	Mr. Hsu You Yuan	12,440,927	0.69	12,440,927	0.55	12,940,927	0.57
	Mr. Chiao Ping Hai	6,135,500	0.34	6,135,500	0.27	6,135,500	0.27
	Ms. Zhang Liming	3,133,500	0.17	3,133,500	0.14	4,133,500	0.18
	Mr. Zhang Chun	-	-	-	-	500,000	0.02
	Ms. Fu Shuangye	-	-	-	-	500,000	0.02
	Dr. Lin Wen	-	-	-	-	500,000	0.02
	Mr. Wong Wing Kuen, Albert	-	-	-	-	500,000	0.02
	Vendors (other than the First Vendor and the Fourth Vendor)						
	Second Vendor	-	-	67,624,534	3.02	67,624,534	2.99
	Third Vendor	6,047,000	0.33	66,969,711	2.99	66,969,711	2.96
	Fifth Vendor	27,996,000	1.55	49,751,674	2.22	49,751,674	2.20
	Sixth Vendor	130,000	0.01	96,697,813	4.31	96,697,813	4.31
	Seventh Vendor	-	-	14,833,503	0.66	14,833,503	0.65
	Sub-total	638,465,091	35.33	1,073,465,091	47.88	1,078,265,091	47.64
II.	Other non-public Shareholder WWIC	344,208,822	19.05	344,208,822	15.35	344,208,822	15.21
	Sub-total	344,208,822	19.05	344,208,822	15.35	344,208,822	15.21
III.	Other public Shareholders						
	Other public Shareholders	824,496,512	45.62	824,496,512	36.77	840,790,675	37.15
	Sub-total	824,496,512	45.62	824,496,512	36.77	840,790,675	37.15
	<b>Total</b>	<b>1,807,170,425</b>	<b>100.00</b>	<b>2,242,170,425</b>	<b>100.00</b>	<b>2,263,264,588</b>	<b>100.00</b>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No :

1. The figures assume that other than the Conversion Shares, no Shares are issued or purchased by the Company and other than the Conversion Shares, no Shares are sold or purchased by the Vendors and their concert parties, in each case after the Latest Practicable Date and up to the exercise in full of the conversion rights attaching to the Convertible Bonds.
2. The figures assume that no Shares are issued or purchased by the Company other than the Conversion Shares and the issue of Shares upon exercise of the share options granted under the Share Option Scheme, and other than the Conversion Shares and the issue of Shares upon exercise of the share options granted under the Share Option Scheme, no Shares are sold or purchased by the Vendors and their concert parties, in each case after the Latest Practicable Date and up to the exercise in full of the conversion rights attaching to the Convertible Bonds.

We noted that the interest of the existing public Shareholders will be diluted from 45.62% as at the Latest Practicable Date to 36.77% and 37.15% immediately after the Completion and upon full conversion of the Convertible Bonds assuming all outstanding share options granted by the Company have and have not been exercised respectively. However, we consider that the potential dilution effect to be acceptable after taking into account (i) the benefits of the Acquisition to the Group as mentioned in the section headed “Background to and reasons for the Acquisition” above; (ii) the expected improvements in earnings and net assets of the Enlarged Group as mentioned above; (iii) the allotment and issue of the Convertible Bonds allows the Group to complete the Acquisition without any cash outflow; and (iv) the capital of the Group will be further enhanced upon conversion of the Convertible Bonds.

### RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, despite the entering into of the Second S&P Agreement is not in the ordinary and usual course of business of the Group, we consider that the terms of the Second S&P Agreement and the Convertible Bonds are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions in relation to the Acquisition, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution in relation to the Acquisition, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares at the EGM.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Helen Zee

Fanny Lee

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## 1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2009 have been set out on pages 79 to 168 of the Annual Report 2009 of the Company, which was published on 15 April 2010 on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company ([www.solargiga.com](http://www.solargiga.com)).

#### 4. INDEBTEDNESS OF THE ENLARGED GROUP

At the close of business on 31 October 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding bank loans and borrowings of approximately RMB861,898,000, which comprised short-term bank loans of RMB590,764,000, long-term bank loans of RMB267,777,000 and a long-term municipal government loan of RMB3,357,000. As at 31 October 2010, short-term bank loans amounting to approximately RMB35,685,000 were secured by the Enlarged Group's pledged bank deposits of RMB9,017,000.

At the close of business on 31 October 2010, being the latest practical date for this statement of indebtedness prior to the date of this circular, the Enlarged Group had banking facilities amounting to approximately RMB1,040,216,000. Utilised banking facilities amounted to RMB858,541,000 as at that date.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 31 October 2010, being the latest practical date for this statement of indebtedness prior to the date of this circular, the Enlarged Group did not have any:

- (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans (whether they are guaranteed, unguaranteed, secured (where the security is provided by the Company or by third parties) or unsecured);
- (ii) other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether it is guaranteed, unguaranteed, secured (where the security is provided by the Company or by third parties) or unsecured);
- (iii) mortgages and charges; or
- (iv) contingent liabilities or guarantees.

#### Subsequent material changes

Save as disclosed above, the Directors have confirmed that there was no significant change in indebtedness and contingent liabilities of the Group from 1 November 2010 and up to the Latest Practicable Date.

#### 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up.

## 6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is a leading manufacturer of monocrystalline silicon solar ingots and wafers in the PRC. Its products are used for the manufacture of photovoltaic cells which are important components for solar energy generation systems. The businesses of the Group include (i) trading and manufacturing of monocrystalline and multicrystalline

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All companies comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of Jinzhou Huachang Photovoltaic Technology Company Limited (錦州華昌光伏科技有限公司) (“Jinzhou Huachang”) for the years ended 31 December 2007, 2008 and 2009 were prepared in accordance with the relevant requirements of the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China (the “PRC”) and were audited by Jinzhou Ka Wah Certified Public Accountants Co., Ltd. (錦州嘉華會計師事務所有限公司).

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “Underlying Financial Statements”). The Underlying Financial Statements for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereto.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs issued by the

## Opinion

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Section A below, gives a true and fair view of the Group's consolidated results and cash flows for the Relevant Period, and the state of affairs of the Group as at 31 December 2007, 2008 and 2009 and 30 June 2010.

## Corresponding financial information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2009, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

## A BASIS OF PREPARATION

Pursuant to the Reorganisation, the Company was established on 2 December 2009 with 10,000 shares of US\$1 each. On 8 December 2009, the Company acquired the entire equity interest of You Xin by issuing 10,000 shares to the then sole shareholder of You Xin. On 9 December 2009, You Xin acquired the entire equity interest in Jinzhou Huachang for a consideration of RMB72,127,000, of which RMB33,900,000 was settled by the Company on behalf of You Xin by issuing 17,735,848 shares of the Company to certain of the then shareholders of Jinzhou Huachang. The remaining balance of RMB38,227,000 was settled by a shareholder's loan, loan, uing lygt-343.49(shar)17.TJT\*holder's loholder-343holder30 [(by)-513.90

## B FINANCIAL INFORMATION

## 1 Consolidated statements of comprehensive income

S c o B No	Years ended 31 December			Six months ended 30 June		
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000	2010 RMB'000	
Turnover	3	-	32,064	202,197	29,005	406,826
Cost of sales		-	(39,975)	(194,143)	(49,276)	(345,020)
Gross (loss)/profit		-	(7,911)	8,054	(20,271)	61,806
Other revenue	4	-	3,460	3,112	1,414	2,749
Other net (loss)/income	5	(98)	956	8,464	1,980	(650)
Selling and distribution expenses		-	-	(272)	-	(274)
Administrative expenses		(163)	(3,064)	(6,185)	(1,976)	(4,968)
(Loss)/profit from operations		(261)	(6,559)	13,173	(18,853)	58,663
Finance costs	6(a)	(1,149)	(9,159)	(10,404)	(5,059)	(10,274)
(Loss)/profit before taxation	6	(1,410)	(15,718)	2,769	(23,912)	48,389
Income tax (expense)/ benefit	7	-	(5,532)	6,962	-	(11,947)
(Loss)/profit for the year/ period and total comprehensive income for the year/period		(1,410)	(21,250)	9,731	(23,912)	36,442

The accompanying notes form part of the Financial Information.

## 2 Consolidated balance sheets

	S c o B No	At 31 December			At
		2007	2008	2009	30 June
		RMB'000	RMB'000	RMB'000	2010 RMB'000
Non-current assets					
Property, plant and equipment	13	619	100,263	196,053	199,674
Prepayments for acquisition of property, plant and equipment		31,293	66,526	13,440	19,476
Lease prepayments	14	19,600	19,196	18,792	18,590
Deferred tax assets	21(b)	-	-	8,022	7,620
		<u>51,512</u>	<u>185,985</u>	<u>236,307</u>	<u>245,360</u>
Current assets					
Inventories	15	-	70,080	93,942	53,429
Trade and other receivables	16	36,042	40,558	128,777	98,819
Pledged deposits	17	-	154	24	16,036
Cash and cash equivalents	18	17,838	35,845	52,603	92,040
		<u>53,880</u>	<u>146,637</u>	<u>275,346</u>	<u>260,324</u>
Current liabilities					
Trade and other payables	19	19,668	69,496	199,533	129,312
Bank loans	20	15,000	175,000	-	-
Current tax payable	21(a)	-	5,458	-	4,669
		<u>34,668</u>	<u>249,954</u>	<u>199,533</u>	<u>133,981</u>
Net current assets/(liabilities)		<u>19,212</u>	<u>(103,317)</u>	<u>75,813</u>	<u>126,343</u>
Total assets less current liabilities		<u>70,724</u>	<u>82,668</u>	<u>312,120</u>	<u>371,703</u>
Non-current liabilities					
Bank loan	20	-	-	210,000	210,000
Deferred income	22	2,175	35,295	43,800	42,628
Deferred tax liabilities	21(b)	-	74	1,134	6,194
		<u>2,175</u>	<u>35,369</u>	<u>254,934</u>	<u>258,822</u>
Net assets		<u>68,549</u>	<u>47,299</u>	<u>57,186</u>	<u>112,881</u>
Capital and reserves					
Capital	24	70,000	70,000	257	292
Reserves		(1,451)	(22,701)	56,929	112,589
Total equity		<u>68,549</u>	<u>47,299</u>	<u>57,186</u>	<u>112,881</u>

The accompanying notes form part of the Financial Information.



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S c o B No	Years ended 31 December			Six months ended	
	2007	2008	2009	30 June 2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
Investing activities					
Payment for the acquisition of property, plant and equipment	(31,831)	(133,247)	(46,228)	(40,540)	(17,659)
Payment of lease prepayments	-	-	(19,668)	(19,668)	-
Proceeds from disposal of property, plant and equipment	-	-	3,422	-	-
Net cash outflow from disposal of a subsidiary	25	-	(7,361)	-	-
Proceeds from disposal of a subsidiary	25	-	-	-	8,000
Interest received	-	1,924	470	334	319
Net cash used in investing activities	(31,831)	(131,323)	(69,365)	(59,874)	(9,340)
Financing activities					
Placement of pledged deposits	(10,000)	(6,494)	(225)	-	(16,012)
Uplift of pledged deposits	10,000	6,340	355	-	-
Proceeds from new bank loans	205,000	175,000	230,000	230,000	-
Repayment of bank loans	(190,000)	(15,000)	(195,000)	(175,000)	-
(Increase)/decrease in amount due/F1 1 Tf7.4835 0 0 9.978obank l388.ted company			-	-	(6,420)
Interest paid	(1,175)	(12,118)	(17,043)	(8,288)	(7,992)
Capital injection by the shareholders	45,600	-	31,751	-	28,249

- 6,420

## C NOTES TO THE FINANCIAL INFORMATION

## 1 Principal place of business

The Company is a company incorporated on 2 December 2009 and domiciled in the British Virgin Islands. Its registered office and principal place of business is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

## 2 Significant accounting policies

## (a) Significant accounting policies

The Financial Information set out in this report has been prepared in accordance with HKFRSs, which collective term includes Hong Kong Accounting Standards ("HKASs") and related interpretations, issued by the HKICPA. The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

During the Relevant Period, the HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs in the Relevant Period, except for any new standards or interpretations that are not yet effective for the Relevant Period. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Period are set out in note 30.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 30 June 2009 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

## (b) Basis of measurement

## (i) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

## (ii) Use of estimates and judgements

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 29.

(c) *S b a*

A subsidiary is entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

( ) *C o n s t r u c t i o n i n p r o g r e s s*

Construction in progress is stated at cost less impairment losses (see note 2(g)(ii)). Cost comprises direct costs of construction during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the asset for its intended use are substantially complete, notwithstanding any delays in the issue of the relevant completion certificate by the relevant PRC authorities. No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

( ) *L e a s e*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

( ) *I m p a i r m e n t o f r e c e i v a b l e s*(i) *Impairment of trade and other receivables*

Trade and other receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss for a financial asset measured at cost is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the current market rate of return for a similar financial asset. The impairment loss for a financial asset measured at amortised cost is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for receivables which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included in trade and other receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may decreased:

- property, plant and equipment;
- construction in progress;
- pre-paid interests in leasehold land classified as being held under an operating lease; and
- interests in subsidiaries.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have

( ) *T a a o . a a b*

Trade and other payables, including class B ordinary shares of the Company, are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Class B ordinary shares of the Company are classified as non-derivative financial liabilities as they have a puttable option feature which, if exercised, obligates the Company to settle in cash.

( ) *C a . a c a . a*

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

( ) *E o b*

## (i) Short-term employee benefits

Salaries, annual bonuses and staff welfare costs are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

## (ii) Contributions to defined contribution retirement plans

Contributions to local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are expensed in the period in which they are incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

( ) *I c o a*

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised directly in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset



( ) R e v e n u e

Revenue is measured at fair values of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises or the customers pick up the goods at the Group's premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the balance sheets initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the useful life of the asset.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

( ) T a x a t i o n

Items included in the Financial Information for each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The Financial Information is presented in RMB. The functional currency of the subsidiaries of the Group in the PRC is RMB, whereas the functional currencies of the Company and You Xin are United States dollars. For the purpose of presenting the consolidated Financial Information, the Group has adopted RMB as its presentation currency, rounded to the nearest thousand.

Foreign currency transactions during the year/period are translated into RMB at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into RMB at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

( ) *B o r r o w i n g c o s t s*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

( ) *R e s e a r c h a n d d e v e l o p m e n t e x p e n d i t u r e*

Expenditure on research and development is charged to profit or loss as an expense when incurred.

( ) *R e l a t e d p a r t y*

For the purposes of this Financial Information, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

( ) *S e g m e n t i n f o r m a t i o n*

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they have a majority of these criteria.

## 3 Turnover

The Group was principally engaged in the manufacturing and trading of monocrystalline silicon solar cells throughout the Relevant Period. The Group was also engaged in real estate development during the years ended 31 December 2008 and 2009.

Turnover represents the sales value of goods supplied to customers less value added tax and trade discounts.

The Group has the following customers with whom transactions have exceeded 10% of the Group's revenue for each year/period. Details of the concentration of credit risk arising from these customers are set out in note 26(a).

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Customer A	-	-	48,497	-	100,819
Customer B	-	-	-	-	68,055
Customer C	-	-	-	-	57,114
Customer D	-	8,836	48,611	-	44,757
Customer E	-	-	22,532	-	-
Customer F	-	-	20,561	20,561	-
Customer G	-	22,771	-	-	-
	<u>-</u>	<u>22,771</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 4 Other revenue

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Government grants	-	1,536	2,158	1,080	1,172
Interest income from bank deposits	-	1,924	470	334	319
Rental income	-	-	397	-	477
Income from sale of scrap materials	-	-	77	-	664
Others	-	-	10	-	117
	<u>-</u>	<u>3,460</u>	<u>3,112</u>	<u>1,414</u>	<u>2,749</u>

## 5 Other net (loss)/income

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net foreign exchange (loss)/gain	(98)	956	2,319	1,980	(650)
Gain on disposal of a subsidiary	-	-	6,033	-	-
Gain on disposal of property, plant and equipment	-	-	112	-	-
	<u>(98)</u>	<u>956</u>	<u>8,464</u>	<u>1,980</u>	<u>(650)</u>

## 6 (Loss)/profit before taxation

(Loss)/profit before taxation

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(a) Finance costs:					
Interest on bank loans wholly repayable within five years	1,175	12,118	17,043	8,288	7,992
Interest expense on Class B ordinary shares (Note 19(c))	-	-	-	-	2,538
	<u>1,175</u>	<u>12,118</u>	<u>17,043</u>	<u>8,288</u>	<u>10,530</u>
Less: interest expenses capitalised into construction in progress*	(26)	(2,959)	(6,639)	(3,229)	(256)
	<u>1,149</u>	<u>9,159</u>	<u>10,404</u>	<u>5,059</u>	<u>10,274</u>

\* Based on the carrying amount of the loans at the end of the reporting period, the weighted average interest rate for the years ended 31 December 2007, 2008 and 2009 is 7.18%, 7.47%, 7.49%, and for the six months ended 30 June 2009 and 2010, it is 7.49%.

Years ended 31 December

Six months

_____	_____	_____	_____	_____
<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

7 Income tax

(a) Taxation costs attributable to the Company:

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax					
PRC income tax	-	5,458	-	-	6,485
Deferred tax					
Origination and reversal of temporary differences	-	74	(6,962)	-	5,462
Income tax expense/(benefit)	-	5,532	(6,962)	-	11,947

(b) Reconciliation of the tax expense/(benefit) to the amount calculated using the statutory tax rate:

	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income tax expense/(benefit)	-	5,532	(6,962)	-	11,947
Adjustments:					
Permanent differences					
Temporary differences					
Effect of changes in tax rates					
Other					
Total adjustments					
Reconciliation					

- (i) The PRC's statutory income tax rates are 33% and 25% prior to and effective from 1 January 2008, respectively.
- (ii) Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any income tax in the British Virgin Islands.

No provision for Hong Kong Profits Tax was made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the Relevant Period.

- (iii) This represents effect of the difference between the notional and applicable tax rates on the deferred tax items.
- (iv) Prior to 1 January 2008, Jinzhou Huachang, being a production-oriented foreign investment enterprise established in Jinzhou, Liaoning Province, was entitled to a reduced income tax rate of 27% and a tax holiday of a 2-year full exemption followed by a 3-year 50% reduction in income tax rate commencing from its first profit-making year from a PRC tax perspective ("2+3 tax holiday").

On 16 March 2007, the 5th Plenary Session of the 10th National People's Congress passed the Corporate Income Tax Law of the PRC ("the New Tax Law"), which takes effect on 1 January 2008. The New Tax Law and its relevant regulations grandfather the 2+3 tax holidays and require them to commence on 1 January 2008 should they be not started earlier. Accordingly, Jinzhou Huachang commenced its 2+3 tax holiday on 1 January 2008 and is subject to income tax at 0%, 12.5% and 25% for 2008 and 2009, from 2010 to 2012 and from 2013 onwards, respectively.

- (v) Under the New Tax Law and its relevant regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or agreements, for earnings accumulated beginning on 1 January 2008.

8 Dividends

No dividend has been paid or declared by the Company during the Relevant Period.

9 (Loss)/earnings per share

(Loss)/earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Period on the combined basis as disclosed in Section A.





12 Segment reporting

	Monocrystalline silicon solar cells RMB'000	Real estate development RMB'000	Total RMB'000
<i>Y a d d 31 D c b 2008</i>			
Turnover	32,064	-	32,064
Cost of sales	<u>(39,975)</u>	<u>-</u>	<u>(39,975)</u>
Gross loss	(7,911)	-	(7,911)
Other revenue	3,445	15	3,460
Other net income	956	-	956
Selling and distribution expenses	-	-	-
Administrative expenses	<u>(2,931)</u>	<u>(133)</u>	<u>(3,064)</u>
Loss from operations	(6,441)	(118)	(6,559)
Finance costs	<u>(9,159)</u>	<u>-</u>	<u>(9,159)</u>
Loss before taxation	(15,600)	(118)	(15,718)
Income tax expense	<u>(74)</u>	<u>(5,458)</u>	<u>(5,532)</u>
Loss for the year	<u><u>(15,674)</u></u>	<u><u>(5,576)</u></u>	<u><u>(21,250)</u></u>
Interest income from bank deposits	1,924	-	1,924
Interest expense	9,159	-	9,159
Depreciation and amortisation for the year	1,733	-	1,733

	Monocrystalline silicon solar cells RMB'000	Real estate development RMB'000	Elimination RMB'000	Total RMB'000
<i>A 31 D c b 2008</i>				
Segment assets	<u>310,856</u>	<u>42,916</u>	<u>(21,150)</u>	<u>332,622</u>
Segment liabilities	<u>257,981</u>	<u>40,492</u>	<u>(13,150)</u>	<u>285,323</u>

	Monocrystalline silicon solar cells RMB'000	Real estate development RMB'000	Consolidated RMB'000
<i>Y a d d 31 D c b 2009</i>			
Turnover	202,197	-	202,197
Cost of sales	<u>(194,143)</u>	<u>-</u>	<u>(194,143)</u>
Gross profit	8,054	-	8,054
Other revenue	3,084	28	3,112
Other net income	8,464	-	8,464
Selling and distribution expenses	(272)	-	(272)
Administrative expenses	<u>(5,700)</u>	<u>(485)</u>	<u>(6,185)</u>
Profit/(loss) from operations	13,630	(457)	13,173
Finance costs	<u>(10,404)</u>	<u>-</u>	<u>(10,404)</u>
Profit/loss before taxation	3,226	(457)	2,769
Income tax benefit	<u>6,962</u>	<u>-</u>	<u>6,962</u>
Profit/(loss) for the year	<u><u>10,188</u></u>	<u><u>(457)</u></u>	<u><u>9,731</u></u>
Interest income from bank deposits	470	-	470
Interest expense	10,404	-	10,404
Depreciation and amortisation for the year	7,257	-	7,257

	Monocrystalline silicon solar cells RMB'000	Real estate development RMB'000	Elimination RMB'000	Total RMB'000
<i>A a 31 D c b 2009</i>				
Segment assets	511,653	-	-	<u><u>511,653</u></u>
Segment liabilities	454,467	-	-	<u><u>454,467</u></u>

	Monocrystalline silicon solar cells RMB'000 (unaudited)	Real estate development RMB'000 (unaudited)	Total RMB'000 (unaudited)
<i>S</i> <i>ended 30 J</i> , <i>2009</i>			
Turnover	29,005	-	29,005
Cost of sales	(49,276)	-	(49,276)
Gross loss	(20,271)	-	(20,271)
Other revenue	1,414	-	1,414
Other net income	1,980	-	1,980
Selling and distribution expenses	-	-	-
Administrative expenses	(1,734)	(242)	(1,976)
Loss from operations	(18,611)	(242)	(18,853)
Finance costs	(5,059)	-	(5,059)
Loss before taxation	(23,670)	(242)	(23,912)
Income tax benefit	-	-	-
Loss for the year	<u>(23,670)</u>	<u>(242)</u>	<u>(23,912)</u>
Interest income from bank deposits	334	-	334
Interest expense	5,059	-	5,059
Depreciation and amortisation for the year	2,215	-	2,215
			Monocrystalline silicon solar cells RMB'000
<i>S</i> <i>ended 30 J</i> , <i>2010</i>			
Turnover			406,826
Cost of sales			<u>(345,020)</u>
Gross loss			61,806
Other revenue			2,749
Other net loss			(650)
Selling and distribution expenses			(274)
Administrative expenses			<u>(4,968)</u>
Loss from operations			58,663
Finance costs			<u>(10,274)</u>
Profit before taxation			48,389
Income tax expense			<u>(11,947)</u>
			<u>Interest income</u>



	Construction- in-progress RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2009	69,484	-	27,736	3,448	927	101,595
Additions	103,428	-	1,742	338	445	105,953
Transfer	(161,750)	25,703	135,657	-	390	-
Disposals	-	-	(2,933)	-	(503)	(3,436)
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 December 2009	11,162	25,703	162,202	3,786	1,259	204,112
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Accumulated depreciation:						
At 1 January 2009	-	-	1,000	270	62	1,332
Charge for the year	-	1,004	4,766	799	284	6,853
Write back on disposal	-	-	(55)	-	(71)	(126)
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 December 2009	-	1,004	5,711	1,069	275	8,059
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Net book value:						
At 31 December 2009	<u>11,162</u>	<u>24,699</u>	<u>156,491</u>	<u>2,717</u>	<u>984</u>	<u>196,053</u>
Cost:						
At 1 January 2010	11,162	25,703	162,202	3,786	1,259	204,112
Additions	9,972	456	568	802	81	11,879
Transfer	(8,566)	8,532	34	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 30 June 2010	12,568	34,691	162,804	4,588	1,340	215,991
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Accumulated depreciation:						
At 1 January 2010	-	1,004	5,711	1,069	275	8,059
Charge for the period	-	372	7,257	457	172	8,258
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 30 June 2010	-	1,376	12,968	1,526	447	16,317
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Net book value:						
At 30 June 2010	<u>12,568</u>	<u>33,315</u>	<u>149,836</u>	<u>3,062</u>	<u>893</u>	<u>199,674</u>



## 14 Lease prepayments

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January	-	19,668	19,668	19,668
Addition	19,668	-	-	-
At 31 December/30 June	19,668	19,668	19,668	19,668
Accumulated amortisation:				
At 1 January	-	68	472	876
Charge for the year/period	68	404	404	202
At 31 December/30 June	68	472	876	1,078
Net book value:				
At 31 December/30 June	19,600	19,196	18,792	18,590

Lease prepayments represent the cost of land use rights in respect of land located in the PRC, which expire on 17 May 2055.

## 15 Inventories

(a) *Inventories, balance sheet:*

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Solar cell products				
Raw materials and consumables	-	2,984	74,305	41,703
Work in progress	-	573	6,037	5,536
Finished goods	-	30,663	13,600	6,190
	-	34,220	93,942	53,429
Property development				
Leasehold land held for development for sale	-	35,860	-	-
	-	70,080	93,942	53,429



( ) The ageing analysis of trade debtors and bills based on invoice date is as follows:

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 month	-	-	44,547	42,321
1-3 months	-	-	12,935	34,149
More than 3 months but less than 6 months	-	-	-	16,689
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,689</u>
	<u>-</u>	<u>-</u>	<u>57,482</u>	<u>93,159</u>

Trade debtors are due within 30 to 180 days from the date of billing. Further details on the Group's credit policy are set out in note 26(a).

( ) *I a o a b o a b c ab*

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 2(g)(i)). The Group did not recognise any allowance for doubtful debts during the Relevant Period.

( ) *T a b o a b c ab . a a o a*

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired is as follows:

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	-	-	49,155	42,318
	<u>-</u>	<u>-</u>	<u>49,155</u>	<u>42,318</u>
Less than 1 month past due	-	-	8,327	15,108
1 to 3 months past due	-	-	-	35,733
	<u>-</u>	<u>-</u>	<u>8,327</u>	<u>50,841</u>
	<u>-</u>	<u>-</u>	<u>57,482</u>	<u>93,159</u>

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

17 Pledged deposits

Certain of the bank deposits were pledged with banks to secure banking facilities granted to the Group.

18 Cash and cash equivalents

Cash at bank and in hand totalling RMB12,354,000, RMB35,845,000, RMB52,603,000, and

- (c) On 30 December 2009, the Company issued 16,152,413 Class B ordinary shares to certain investors for an aggregate consideration of US\$8,790,000 (equivalent to RMB60,000,000). The rights of the holders of Class B ordinary shares are equivalent to Class A ordinary shares, except that Class B ordinary shareholders have been granted a puttable option under which they may request the Company to re-purchase their shares at their initial contributions plus accrued interest upon the occurrence of one of the following events:

Event A:

- a qualified initial public offering ("IPO") (note i) is not completed on or before 31 December 2012; or
- a qualified trade sale (note ii) is not completed on or before 31 December 2011.

Event B:

- a qualified transaction (note iii) has been approved by a recognised stock exchange (note iv);
- the directors appointed by holders of Class B ordinary shares have, in good faith, exercised their reasonable business judgement and voted at a meeting of the board of the Company (the "Board") in favour of the qualified transaction; and
- holders of Class B ordinary shares have, in good faith, exercised their reasonable business judgement and voted at the shareholders' meeting in favour of the qualified transaction, but the qualified transaction cannot be completed because it has been vetoed by the Board or by the other shareholders of the Company (other than holders of the Class B ordinary shareholders), or as a result of any act or omission on the part of the directors or shareholders of the Company (other than the holders of Class B ordinary shares) with a malicious intent to jeopardise the consummation of the qualified transaction.

No :

- (i) qualified IPO means the public offering of shares on the recognised stock exchange, at a public offering price which will result in the Company's total market capitalisation being not less than RMB400,000,000, which is to be completed on or before 30 June 2012.
- (ii) qualified trade sale means a sale to a company listed on the recognised stock exchange of all the Company's shares or substantially all the assets of the Company at a price giving the Company a total valuation of at least RMB400,000,000 on such terms and conditions as may be approved by the Board, which is to be completed on or before 31 December 2011.
- (iii) qualified transaction means a qualified IPO or the qualified trade sale (as the case may be).
- (iv) recognised stock exchange means The Stock Exchange of Hong Kong Limited or other recognised securities exchanges outside of Hong Kong approved by the Board of the Company.

The movement of Class B ordinary shares classified as financial liabilities during the Relevant Period is as follows:

	Number of Class B Ordinary shares classified as financial liabilities	RMB'000
At initial recognition on 30 December 2009 and 31 December 2009/1 January 2010 ( 24(a))	16,152,413	60,000
Accretion of interest expense during the six months ended 30 June 2010	-	2,538
Re-designation of shares ( 24(a)( ))	<u>(5,034,780)</u>	<u>(19,253)</u>
At 30 June 2010	<u>11,117,633</u>	<u>43,285</u>

20 Bank loans

(a) T. a a 0 . ca a 0 0 -b a b0 0 a 0 0 :

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured bank loans	<u>15,000</u>	<u>175,000</u>	<u>210,000</u>	<u>210,000</u>

(b) A ac. ba a c . a , . ba 0a a ab a 0 0 :

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	15,000	175,000	-	-
After 1 year but within 5 years	<u>-</u>	<u>-</u>	<u>210,000</u>	<u>210,000</u>
	<u>15,000</u>	<u>175,000</u>	<u>210,000</u>	<u>210,000</u>

## 21 Income tax in the consolidated balance sheets

(a) C a a ab . c o o a b a a c . :

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
PRC income tax:				
Provision for the year/period	-	5,458	-	6,485
Tax paid	-	-	-	(1,816)
	<u>-</u>	<u>5,458</u>	<u>-</u>	<u>4,669</u>

(b) D a a /( ab ) c o :

- (i) There was no deferred tax balance on 1 January 2007 and for each of the year ended 31 December 2007 and 2008. The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheets and the related movements are as follows:

	Government grants	Interest capitalisation	Undistributed profits	Inventory provision	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	-	-	-	-	-	-
(Charged) to profit or loss	-	-	(74)	-	-	(74)
At 31 December 2008 and 1 January 2009	-	-	(74)	-	-	(74)
Credited/(charged) to profit or loss	10,071	(2,194)	(1,060)	62	83	6,962
At 31 December 2009 and 1 January 2010	10,071	(2,194)	(1,134)	62	83	6,888
(Charged)/credited to profit or loss	(482)	16	(5,060)	72	(8)	(5,462)
At 30 June 2010	<u>9,589</u>	<u>(2,178)</u>	<u>(6,194)</u>	<u>134</u>	<u>75</u>	<u>1,426</u>

(ii) Reconciliation to the consolidated balance sheets

	31 December 2008 RMB'000	31 December 2009 RMB'000	30 June 2010 RMB'000
Net deferred tax assets recognised	–	8,022	7,620
Net deferred tax liabilities recognised	(74)	(1,134)	(6,194)
	<u>(74)</u>	<u>6,888</u>	<u>1,426</u>

(c) *D a a o c o* :

The Group did not recognise deferred tax assets as at 31 December 2007 and 2008 in respect of deductible temporary differences of RMB1,451,000 and RMB39,771,000, respectively, as it was not probable that future taxable profits against which these deductible temporary differences could be utilised would be available.

22 Deferred income

Various government grants have been received by the Group for participating in the high-tech industry and constructing various manufacturing plants in Jinzhou, Liaoning Province, the PRC. In addition, certain government grants have been received by the Group to compensate for its research and development expenses in relation to the manufacturing of monocrystalline silicon solar cells and interest expenses for certain specific loans in respect of the construction of manufacturing plants. Amounts of Nil, RMB1,536,000, RMB2,158,000 and RMB1,080,000

24 Capital and reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity.

(a) *Ca a*

- (ii) Pursuant to a written resolution of the board of directors of Jinzhou Huachang passed on 6 July 2007, Jinzhou Huachang's registered capital was increased by RMB45,600,000 to RMB70,000,000. Pursuant to a written resolution of the board of directors of Jinzhou Huachang passed on 14 December 2009, Jinzhou Huachang's registered capital was further increased by RMB60,000,000 to RMB130,000,000. The shareholders injected additional capital of RMB31,751,000 and RMB28,249,000 in 2009 and 2010, respectively.
- (iii) The Company issued 10,000 shares with nominal value of US\$1 (equivalent to RMB6.8) each for a consideration of US\$10,000 (equivalent to RMB68,000) on incorporation.
- (iv) Pursuant to a written resolution of the sole director of the Company passed on 8 December 2009, the Company allotted and issued an aggregate of 10,000 shares of US\$1 each to the then sole shareholder of You Xin in exchange for the entire equity interests in You Xin. Nominal value of shares issued totalling RMB68,000 was credited to share capital. The excess of the net asset value of You Xin at the date of acquisition over the nominal value of the shares issued which amounted to RMB20,000 was credited to the share premium account.
- (v) Pursuant to an equity transfer agreement entered into between You Xin, a wholly owned subsidiary of the Company, and the then shareholders of Jinzhou Huachang on 9 December 2009, You Xin acquired a 100% equity interest in Jinzhou Huachang at an aggregate consideration of RMB72,127,000, of which RMB33,900,000 was settled by the Company's shares while the remaining balance of RMB38,227,000 was settled by a shareholder's loan. Since that date, the Company has become the ultimate holding company of Jinzhou Huachang.
- (vi) Pursuant to a written resolution of the sole director of the Company passed on 29 December 2009, the authorised share capital of the Company was increased from US\$50,000 to US\$500,000 and every issued and unissued ordinary share of US\$1 each was subdivided into 1,000 ordinary shares of US\$0.001 each (equivalent to RMB0.0068).
- (vii) Pursuant to a written resolution of the sole director of the Company passed on 29 December 2009, the Company allotted and issued an aggregate of 17,735,848 shares of US\$0.001 (equivalent to RMB0.0068) each to settle the consideration of RMB33,900,000 for the acquisition of Jinzhou Huachang. The nominal value of the shares of RMB121,000 was credited to share capital and the remaining balance of RMB33,779,000 was credited to the share premium account.
- (viii) Pursuant to a written resolution of the sole director of the Company passed on 29 December 2009, 18,835,293 authorised ordinary shares of the Company were classified as Class B ordinary shares (note 19(c)).
- (ix) Pursuant to a written resolution of the sole director of the Company passed on 29 December 2009, 2,682,880 Class A ordinary shares were re-designated as Class B




(c) *Ca a a a*

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a gearing ratio. For this purpose, the Group defines gearing ratio as total borrowings divided by equity attributable to equity holders of the Company.

The gearing ratios were as follows:



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## 25 Disposal of a subsidiary

On 17 December 2009, the Group disposed of its entire equity interest in a subsidiary, Huachang Real Estate, to a related party, Mr. Tan Wenhua, (see note 28) for a consideration of RMB8,000,000. The consideration was subsequently settled on 8 February 2010.

Details of the assets and liabilities disposed of are as follows:

	<i>RMB'000</i>
Inventories	36,164
Trade and other receivables	496
Cash and cash equivalents	7,361
Trade and other payables	(14,524)
Current tax payable	(5,458)
Deferred income	(22,072)
	<hr/>
Cash consideration receivable	1,967
Gain on disposal of a subsidiary	8,000
	<hr/>
	<b>6,033</b>
	<hr/> <hr/>
Net cash outflow arising on disposal of a subsidiary:	<i>RMB'000</i>
Cash and cash equivalents disposed of	<b>(7,361)</b>
	<hr/> <hr/>

## 26 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

## (a) C

The Group's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with financial institutions that have sound credit ratings and the Group considers the credit risk to be insignificant.

In respect of trade and other receivables, individual credit evaluations are performed on customers/suppliers on a case by-case basis. These evaluations focus on the customer's past history of making payments when due and current ability to pay as well as the supplier's past history of supplying raw materials when orders are placed by the Group in respect of the prepayments made by the Group for purchase of raw materials, and take into account information specific to the customer/supplier as well as pertaining to the economic environment in which the customer/supplier operates. Trade receivables are due within 30 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the 31 December 2007, 2008, 2009 and 30 June 2010, the Group has a certain concentration of credit risk as Nil%, Nil%, 43% and 61%, respectively, of the total trade and other receivables was due from the Group's largest customer and Nil%, Nil%, 92% and 88%, respectively, was due from the five largest customers of the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. The Group does not provide any other guarantees which would expose the Group to credit risk.

(b) L

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at each balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	At 31 December 2007				
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Repayable within 1 year or on demand RMB'000	Repayable more than 1 year but less than 2 years RMB'000	Repayable more than 2 years but less than 5 years RMB'000
Bank loans	15,000	15,995	15,995	-	-
Trade and other payables	19,668	19,668	19,668	-	-
	<u>34,668</u>	<u>35,663</u>	<u>35,663</u>	<u>-</u>	<u>-</u>

	At 31 December 2008				
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Repayable within 1 year or on demand RMB'000	Repayable more than 1 year but less than 2 years RMB'000	Repayable more than 2 years but less than 5 years RMB'000
Bank loans	175,000	175,806	175,806	-	-
Trade and other payables	69,496	69,496	69,496	-	-
	<u>244,496</u>	<u>245,302</u>	<u>245,302</u>	<u>-</u>	<u>-</u>

	At 31 December 2009				
	Carrying amount	Total contractual undiscounted cash flow	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	210,000	273,805	15,725	15,725	242,355
Trade and other payables	199,533	205,159	205,159	-	-
	<u>409,533</u>	<u>478,964</u>	<u>220,884</u>	<u>15,725</u>	<u>242,355</u>

	At 30 June 2010				
	Carrying amount	Total contractual undiscounted cash flow	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	210,000	266,007	15,725	15,725	234,557
Trade and other payables	129,312	131,333	131,333	-	-
	<u>339,312</u>	<u>397,340</u>	<u>141,415</u>	<u>15,725</u>	<u>234,557</u>

(c) I a

(i) Interest rate profile

Except for bank deposits with stable interest rates, the Group has no other significant interest bearing assets. Accordingly, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Details of the effective interest rates for bank deposits are disclosed in note 18.

The Group's fixed interest rates bank borrowings expose the Group to fair value interest rate risk. The Group does not use derivative financial instruments to hedge its interest rate risk. The following table details the interest rate profile of the Group's borrowings as at each balance sheet date:

	At 31 December				At 30 June	
	2007		2008		2010	
	Effective interest rate	Total	Effective interest rate	Total	Effective interest rate	Total
		RMB'000		RMB'000		RMB'000
Fixed rate borrowings						
Short-term bank loans	7.54%	15,000	7.56%	175,000	-	-
Long-term bank loans	-	-	-	-	7.75%	210,000
Total net borrowings		<u>15,000</u>		<u>175,000</u>		<u>210,000</u>

( ) C c

The Group is exposed to currency risk primarily through sales, purchases and cash and bank deposits that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the United States Dollar and the Euro.

## (i) Exposure to currency risk

The following table details the Group's exposure at each balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at each reporting date.

	At 31 December 2007 (expressed in RMB'000)	
	U S a D o a	E o
Trade and other receivables	1,795	14,588
Cash and cash equivalents	5,484	-
	<u>7,279</u>	<u>-</u>
Net exposure	<u>7,279</u>	<u>14,588</u>
	At 31 December 2008 (expressed in RMB'000)	
	U S a D o a	E o
Trade and other receivables	114	16,613
Cash and cash equivalents	130	-
	<u>244</u>	<u>-</u>
Net exposure	<u>244</u>	<u>16,613</u>
	At 31 December 2009 (expressed in RMB'000)	
	U S a D o a	E o
Trade and other receivables	89	2,935
Cash and cash equivalents	31,751	-
Trade and other payables	-	(2)
	<u>31,840</u>	<u>-</u>
Net exposure	<u>31,840</u>	<u>2,933</u>

At 30 June 2010  
(expressed in RMB'000)

	U S D o l l a r	E u r o
Trade and other receivables	3,997	3,242
Cash and cash equivalents	1,628	13,804
Trade and other payables	(2,833)	(373)
Net exposure	<u>2,792</u>	<u>16,673</u>

(ii) Sensitivity analysis

	Years ended 31 December						Six months ended					
	2007		2008		2009		2009		2010		2010	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss for the year	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss for the year	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss for the year	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the period	Increase/ (decrease) in retained earnings	Increase/ (decrease) in retained earnings
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollar	10%	(728)	(728)	10%	(24)	(24)	10%	3,184	(3,184)	10%	244	244
	(10)%	728	728	(10)%	24	24	(10)%	(3,184)	3,184	(10)%	(244)	(244)
Euro	10%	(1,459)	(1,459)	10%	(1,661)	(1,661)	10%	293	(293)	10%	1,459	1,459
	(10)%	1,459	1,459	(10)%	1,661	1,661	(10)%	(293)	293	(10)%	(1,459)	(1,459)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss/profit after taxation and equity measured in the respective functional currencies, translated into Renminbi at the exchange rates ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

## 27 Commitments

*Capital commitments*

At each balance sheet date, the Group had the following capital commitments in relation to the construction projects, purchase of plant and equipment not provided for in the Financial Information:

	At 31 December			At
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Contracted for	<u>75,440</u>	<u>13,432</u>	<u>2,079</u>	<u>80,215</u>

## 28 Related parties transactions

During the Relevant Period, transactions with the following parties are considered to be related party transactions:

Name of parties	Relationship
Tan Wenhua	Director of the Company
Jinzhou Yangguang Energy Co., Ltd ("Yangguang")	Significant influence by Tan Wenhua
Jinzhou Jinmao Photovoltaic Technology Co., Ltd ("Jinmao")	Significant influence by Tan Wenhua
Huachang Real Estate*	Controlled by Tan Wenhua

\* Huachang Real Estate was a subsidiary of the Company since its incorporation in January 2008 until its disposal in December 2009.

Particulars of significant transactions between the Group and the above related parties during the Relevant Period are as follows:

*(a) Related party transactions*

	Year ended 31 December			Six months ended 30	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of goods to:					
- Jinmao	-	-	7,359	-	57,114
Purchase of goods from:					
- Yangguang	-	17,506	195,531	100,748	161,658
Rental income					
- Jinmao	-	-	397	-	477

(b) No - c a ac o



( ) ₹ a a 0 0

Key management personnel receive compensation in the form of salaries, housing and

( ) *I c o a*

Significant judgement is required in determining the provision for income taxes. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences would affect profit or loss in future years.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be offset.

C BALANCE SHEET OF THE COMPANY

	At 31 December 2009 <i>RMB'000</i>	At 30 June 2010 <i>RMB'000</i>
Non-current assets		
Interest in subsidiary ( 0 )	65,739	93,506
	-----	-----

Current assets

	-----	-----
	=====	=====
	-----	-----
	=====	=====

## D SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2010.

Yours faithfully,

KPMG

C P b c A c c o u n t a n t s

Hong Kong

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**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP**

**Introduction to the unaudited pro forma financial information**

The accompanying unaudited pro forma financial information of Solargiga Energy Holdings Limited (“the Company”) and its subsidiaries (collectively, the “Group”) together with Sino Light Investments Limited (the “Target Company”) and its subsidiaries (collectively, the “Target Group”) (collectively referred to as the “Enlarged Group”) which gives effect to the proposed acquisition of the Target Company by the Company (the “Acquisition”) as if the Acquisition had been completed on 30 June 2010 (the “Unaudited Pro Forma Financial Information”).

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based upon the published interim report of the Group as at 30 June 2010

## Unaudited pro forma consolidated balance sheet as at 30 June 2010

	The Group RMB'000	The Target Group RMB'000	Pro forma adjustments RMB'000	No	Unaudited pro forma consolidated balance sheet of the Enlarged Group RMB'000
<b>Non-current assets</b>					
Property, plant and equipment	550,900	199,674	-		750,583
Prepayments for acquisition of property, plant and equipment	72,391	19,476	-		91,867
Lease prepayments	63,257	18,590	11,088	( )	92,935
Prepayments for raw materials	249,358	-	-		249,358
Goodwill	-	-	607,370	( )	607,370
Deferred tax assets	37,665	7,620	-		45,285
	<u>973,580</u>	<u>245,360</u>	<u>618,458</u>		<u>1,837,398</u>
<b>Current assets</b>					
Inventories	547,861	53,429	-		601,290
Trade and other receivables	506,893	98,819	(21,232)	( )	584,480
Pledged deposits	64,660	16,036	-		80,696
Cash and cash equivalents	313,357	92,040	-		405,397
	<u>1,432,771</u>	<u>260,324</u>	<u>(21,232)</u>		<u>1,671,863</u>
<b>Current liabilities</b>					
Trade and other payables	434,335	129,312	(18,644)	( )	545,003
Bank loans	374,838	-	-		374,838
Current tax payable	1,565	4,669	-		6,234
	<u>810,738</u>	<u>133,981</u>	<u>(18,644)</u>		<u>926,075</u>
Net current assets	<u>622,033</u>	<u>126,343</u>	<u>(2,588)</u>		<u>745,788</u>
Total assets less current liabilities	<u>1,595,613</u>	<u>371,703</u>	<u>615,870</u>		<u>2,583,186</u>

See accompanying notes to the Unaudited Pro Forma Financial Information of the Enlarged Group.

	The Group RMB'000	The Target Group RMB'000	Pro forma adjustments RMB'000	No	Unaudited pro forma consolidated balance sheet of the Enlarged Group RMB'000
Non-current liabilities					
Municipal government loan	3,343	-	-		3,343
Bank loan	70,000	210,000	-		280,000
Deferred income	65,138	42,628	-		107,766
Deferred tax liabilities	8,224	6,194	2,711	(.)	17,129
	<u>146,705</u>	<u>258,822</u>	<u>2,711</u>		<u>408,238</u>
	<u><u>146,705</u></u>	<u><u>258,822</u></u>	<u><u>2,711</u></u>		<u><u>408,238</u></u>
	<u><u>146,705</u></u>	<u><u>258,822</u></u>	<u><u>2,711</u></u>		<u><u>408,238</u></u>

## Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

- (a) The balance of assets and liabilities of the Group are extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2010 as included in the published interim report of the Group for the six months ended 30 June 2010.
- (b) The balances of assets and liabilities of the Target Group are extracted from the audited consolidated balance sheet of the Target Group as at 30 June 2010 as set out in Appendix II to this circular.
- (c) Pursuant to the sales and purchase agreement dated 8 November 2010 entered into between the Company and the Vendors, the consideration payable by the Company for the Acquisition will be HK\$835,200,000 (equivalent to RMB728,628,000), which will be satisfied in full by the issuance of the Company's convertible bonds upon Completion to each of the Vendors pro rata to their respective shareholding interest in the Target Company.

The allocation of the purchase price has been based upon management's preliminary estimates and certain assumptions with respect to the determination of fair values of the assets to be acquired and the liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the date of acquisition and may differ materially from the amounts disclosed in the Unaudited Pro Forma Financial Information because of changes in fair values of the assets and liabilities to the date of the transaction, and as further analysis (including whether additional identifiable intangible assets exist, for which no amounts have been estimated and included in the amounts shown in the Unaudited Pro Forma Financial Information) is completed. Consequently, the actual allocation of the purchase price will likely result in different amounts than those in the Unaudited Pro Forma Financial Information.

- (d) The adjustment to lease prepayments represents the preliminary fair value adjustment of RMB11,088,000 allocated to the leasehold land. The Company has not completed an assessment of the fair values of the assets and liabilities and the related business integration plans and synergies of the Target Group. The ultimate purchase price allocation will include possible adjustments to the fair values of depreciable tangible assets and other intangible assets, such as customer bases, after a full review has been completed.
- (e) The adjustment to goodwill represents the goodwill arising from the excess of the fair value of consideration payable for the Acquisition by the Company for HK\$835,200,000 (equivalent to

- (j) The adjustments to reserves represent the elimination of reserves of RMB115,177,000 of the Enlarged Group upon the completion of the Acquisition and the issue of the convertible bond of HK\$835,200,000 (equivalent to RMB728,628,000) by the Company for the acquisition of the entire equity interest of the Target Company. The convertible bond is classified as an equity instrument of the Company and is recognised within equity at its fair value of HK\$835,200,000 (equivalent to

B. REPORT FROM THE REPORTING ACCOUNTANTS

The attached pro forma financial information, including the pro forma balance sheet, pro forma income statement, pro forma cash flow statement, and pro forma statement of equity, has been prepared by KPMG, Chartered Accountants, Hong Kong, based on the unaudited pro forma financial information provided to us by the Company.



KPMG  
8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

The Directors  
Solargiga Energy Holdings Limited

15 December 2010

Dear Sirs,

We report on the unaudited pro forma financial information (the "Pro Forma

### Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 June 2010 or any future date.

### Opinion

In our opinion:

- a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully

KPMG

C      *P b c Acco a*  
Hong Kong



5. Other income

Sino Light Group incurred other net loss of RMB650,000 for the six months ended 30 June 2010 while other net income in the amount of RMB2.0 million was recorded by the Sino Light Group for the same period in 2009. The other net loss incurred by the Sino Light Group for the six months ended 30 June 2010 was attributable to the net foreign exchange loss of RMB650,000 recorded by the Sino Light Group for the six months ended 30 June 2010 (as compared to the net foreign exchange gain of RMB2.0 million for the same period in 2009).

2009: 1.38). It had net borrowings of RMB101.9 million as at 30 June 2010 (31 December 2009: RMB157.4 million) with cash in bank and on hand of RMB92.0 million (31 December 2009: RMB52.6 million), pledged deposits of RMB16.0 million (31 December 2009: RMB24,000) and long-term bank loan of RMB210.0 million (31 December 2009: RMB210.0 million). Net debt to equity ratio (net debt divided by equity of shareholders) and gearing ratio (total borrowings divided by equity of shareholders) of the Sino Light Group were 90.3% (31 December 2009: 275.2%) and 186.0% (31 December 2009: 367.2%) respectively. The improvement in net debt to equity ratio and gearing ratio of the Sino Light Group was mainly due to the increase in shareholders' equity during the period under review.

#### Capital Commitments

As at 30 June 2010, the Sino Light Group had capital commitments of RMB80.2 million which related mainly to purchase of machinery and equipment for its production.

#### Contingent Liabilities

As at 30 June 2010, the Sino Light Group did not have material contingent liabilities.

#### Foreign Currency Risk

As at 30 June 2010, the Sino Light Group was exposed to currency risk primarily through sales, purchases, and cash and bank deposits that were denominated in the United States Dollar and Euro. The following table sets out the Sino Light Group's exposure to currency risk arising from recognised assets or liabilities denominated in the United States Dollar and Euro as at 30 June 2010:

	As at 30 June 2010	
	( RMB'000)	
	United States Dollars	Euro
Trade and other receivables	3,997	3,242
Cash and cash equivalents	1,628	13,804
Trade and other payables	<u>(2,833)</u>	<u>(373)</u>
Net exposure	<u>2,792</u>	<u>16,673</u>

No :

For presentation purposes, the above amounts of exposure are shown in RMB, translated using the spot rate at 30 June 2010.

### Charge of Assets

Save for the bank deposits in the amount of RMB16.0 million pledged with banks to secure banking facilities granted to the Sino Light Group, as at 30 June 2010, the Sino Light Group did not pledge any of its assets.

### Human Resources

For the six months ended 30 June 2010, the Sino Light Group incurred staff costs of RMB6.2 million (30 June 2009: RMB1.8 million). The increase in staff costs was mainly due to the increase in number of employees to support the expansion of production scale of the Sino Light Group during the period under review.

### Segment Information

No segment information is presented as majority of the revenue, results, assets and

from RMB32.1 million for the year ended 31 December 2008 to RMB202.2 million for the year ended 31 December 2009. The substantial increase in turnover was mainly attributable to the improved utilisation of the newly installed production capacity of the Sino Light Group, resulting in a significant increase in production volume and hence, sales volume of the Sino Light Group for the year ended 31 December 2009.

2. *Cost of sales*

Cost of sales increased by approximately 385.3%, from RMB40.0 million for the year ended 31 December 2008 to RMB194.1 million for the year ended 31 December 2009. The increase in cost of sales was mainly due to and was in line with the increase in sales of the Sino Light Group for the year ended 31 December 2009.

3. *Gross profit*

Gross profit of the Sino Light Group was RMB8.1 million for the year ended 31 December 2009 while it incurred a gross loss of RMB7.9 million for the year ended 31 December 2008. The improvement in gross profit was primarily due to the reduction in per unit production cost as resulted from a higher utilisation of the newly installed production capacity of the Sino Light Group.

4. *Other revenue*

Other revenue for the year ended 31 December 2009 consisted of government grants, interest income from bank deposits, rental income, income from sale of scrap materials and others. For the year ended 31 December 2009, other revenue decreased by approximately 11.4% to RMB3.1 million from RMB3.5 million for the year ended 31 December 2008. The decrease in other revenue was primarily due to the net effect of (i) the decrease in interest income from bank deposits of RMB1.5 million; and (ii) the increase in government grants, rental income, income from sale of scrap materials and others of RMB622,000, RMB397,000, RMB77,000 and RMB10,000 respectively.

5. *Other net income*

Other net income increased by approximately 750.0% from RMB1.0 million for the year ended 31 December 2008 to RMB8.5 million for the year ended 31 December 2009. The increase in other net income was mainly due to the increase in net foreign exchange gain from RMB956,000 to RMB2.3 million, and the gain on disposal of a subsidiary of RMB6.0 million (please refer to the section headed "Appendix IV – Additional financial information on the Sino Light Group – Management discussion and analysis on the Sino Light Group – Year ended 31 December 2009 compared to year ended 31 December 2008 – Major transaction" below for further details) and gain on disposal of property, plant and equipment of RMB112,000 recorded by the Sino Light Group for the year ended 31 December 2009.

6. *Selling and distribution expenses*

Selling and distribution expenses of the Sino Light Group increased to RMB272,000 for the year ended 31 December 2009 from nil for the year ended 31 December 2008. The increase in selling and distribution expenses of the Sino Light Group was primarily due to the increase in shipment volume of solar cells.

7. *Administrative expenses*

Administrative expenses increased by approximately 100.0% from RMB3.1 million for the year ended 31 December 2008 to RMB6.2 million for the year ended 31 December 2009. Such increase was mainly attributable to the increase in the scale of operation of the Sino Light Group.

8. *Finance costs*

For the year ended 31 December 2009, the Sino Light Group incurred finance costs in the amount of RMB10.4 million, an increase of approximately 13.0% from RMB9.2 million for the year ended 31 December 2008. The increase in finance costs was primarily due to the increase in the average loan balance of the Sino Light Group during the period under review.

9. *Profit/(loss)*

Profit of the Sino Light Group for the year ended 31 December 2009 was RMB9.7 million while a loss of RMB21.3 million was recorded by the Sino Light Group for the year ended 31 December 2008. The improvement in results of the Sino Light Group was mainly due to the significant increase in turnover and improvement in profit margins of the Sino Light Group as a result of a higher utilisation of the newly installed production capacity and economies of scale achieved by the Sino Light Group during the period under review.

#### Capital Structure, Liquidity and Financial Resources

Sino Light Group's principal sources of working capital during the period under review were funds from shareholder and bank financing. As at 31 December 2009, Sino Light Group's current ratio (current assets divided by current liabilities) was 1.38 (31 December 2008: 0.59). It had net borrowings of RMB157.4 million as at 31 December 2009 (31 December 2008: RMB139.0 million) with cash in bank and on hand of RMB52.6 million (31 December 2008: RMB35.8 million), no short-term bank loan (31 December 2008: RMB175.0 million) and long-term bank loan of RMB210.0 million (31 December 2008: nil). Net debt to equity ratio (net debt divided by equity of shareholders) and gearing ratio (total borrowings divided by equity of shareholders) of the Sino Light Group were 275.2% (31 December 2008: 293.9%) and 367.2% (31 December 2008: 370.0%) respectively. The relatively high net debt to equity ratio and gearing ratio was mainly due to the increase in bank borrowings by the Sino Light Group to fund the increased capital expenditure requirement for its capacity expansion.

## Capital Commitments

As at 31 December 2009, the Sino Light Group had capital commitments of RMB2.1 million which related mainly to purchase of machinery and equipment for its production.

## Contingent Liabilities

As at 31 December 2009, the Sino Light Group did not have material contingent liabilities.

## Foreign Currency Risk

As at 31 December 2009, the Sino Light Group was exposed to currency risk primarily through sales, purchases, and cash and bank deposits that were denominated in the United States Dollar and Euro. The following table sets out the Sino Light Group's exposure to currency risk arising from recognised assets or liabilities denominated in the United States Dollar and Euro as at 31 December 2009:

	As at 31 December 2009	
	( RMB'000)	
	United States Dollars	Euro
Trade and other receivables	89	2,935
Cash and cash equivalents	31,751	–
Trade and other payables	–	(2)
	<u>          </u>	<u>          </u>
Net exposure	<u>31,840</u>	<u>2,933</u>

No :

For presentation purposes, the above amounts of exposure are shown in RMB, translated using the spot rate at 31 December 2009.

## Charge of Assets

Save for the bank deposits in the amount of RMB24,000 pledged with banks to secure banking facilities granted to the Sino Light Group, as at 31 December 2009, the Sino Light Group did not pledge any of its assets.

## Human Resources

For the year ended 31 December 2009, the Sino Light Group incurred staff costs of RMB6.1 million (31 December 2008: RMB1.8 million). The increase in staff costs was mainly due to the increase in number of employees to support the expansion of production scale of the Sino Light Group during the period under review.

## Segment Information

For the year ended 31 December 2009, the Sino Light Group was principally engaged in (i) the manufacture and trading of silicon solar cells; and (ii) real estate development through Huachang Real Estate, the then wholly owned subsidiary of the Sino Light Group (please refer to the section headed “Appendix IV – Additional financial information on the Sino Light Group – Management discussion and analysis on the Sino Light Group – Year ended 31 December 2009 compared to year ended 31 December 2008 – Major transaction” below for further details). Set out below is a summary of the segment information on the two business segments of the Sino Light Group for the year ended 31 December 2009:

## Segment Results

	Monocrystalline silicon solar cells	Real estate development	Consolidated
<i>F a d d 31 D c b 2009</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	202,197	–	202,197
Profit/(loss) from operations	13,630	(457)	13,173
Loss before taxation	3,226	(457)	2,769
Profit/(loss) for the year	10,188	(457)	9,731

## Segment assets and liabilities

	Monocrystalline silicon solar cells	Real estate development	Elimination	Total
<i>A a 31 D c b 2009</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	511,653	–	–	511,653
Segment liabilities	454,467	–	–	454,467

Major Transaction

4. Other

Other revenue for the year ended 31 December 2008 consisted of government grants and interest income from bank deposits. The Sino Light Group recorded other revenue of

## Capital Structure, Liquidity and Financial Resources

Sino Light Group's principal sources of working capital during the period under review were funds from shareholders and bank financing. As at 31 December 2008, Sino Light Group's current ratio (current assets divided by current liabilities) was 0.59 (31 December 2007: 1.55). It had net borrowings of RMB139.0 million as at 31 December 2008 (31 December 2007: nil) with cash in bank and on hand of RMB35.8 million (31 December 2007: RMB17.8 million) and short-term bank loan of RMB175.0 million (31 December 2007: RMB15.0 million). Net debt to equity ratio (net debt divided by equity of shareholders) and gearing ratio (total borrowings divided by equity of shareholders) of the Sino Light Group were 293.9% (31 December 2007: nil) and 370.0% (31 December 2007: 21.9%) respectively. The relatively high net debt to equity ratio and gearing ratio was mainly due to the increase in bank borrowings by the Sino Light Group to fund the increased capital expenditure requirement for its capacity expansion.

## Capital Commitments

As at 31 December 2007 and 2008, the Sino Light Group had capital commitments of RMB75.4 million and RMB13.4 million, respectively, which related mainly to purchase of machinery and equipment for its production.

## Contingent Liabilities

As at 31 December 2007 and 2008, the Sino Light Group did not have material contingent liabilities.

## Foreign Currency Risk

As at 31 December 2007 and 2008, the Sino Light Group was exposed to currency risk primarily through sales, purchases, and cash and bank deposits that were denominated in the United States Dollar and Euro. The following tables set out the Sino Light Group's exposure to currency risk arising from recognised assets or liabilities denominated in the United States Dollar and Euro as at 31 December 2007 and 2008:

	As at 31 December 2008	
	( RMB'000)	
	United States Dollars	Euro
Trade and other receivables	114	16,613
Cash and cash equivalents	130	–
Net exposure	<u>244</u>	<u>16,613</u>

No :

For presentation purposes, the above amounts of exposure are shown in RMB, translated using the spot rate at 31 December 2008.

	As at 31 December 2007	
	( RMB'000)	
	United States Dollars	Euro
Trade and other receivables	1,795	14,588
Cash and cash equivalents	<u>5,484</u>	<u>–</u>
Net exposure	<u><u>7,279</u></u>	<u><u>14,588</u></u>

No :

For presentation purposes, the above amounts of exposure are shown in RMB, translated using the spot rate at 31 December 2007.

#### Charge of Assets

Save for the bank deposits in the amount of RMB154,000 pledged with banks as at 31 December 2008 to secure banking facilities granted to the Sino Light Group, as at 31 December 2007 and 2008, the Sino Light Group did not pledge any of its assets.

#### Human Resources

For the year ended 31 December 2008, the Sino Light Group incurred staff costs of RMB1.8 million (31 December 2007: nil). The increase in staff costs was mainly due to the increase in number of employees as production of the Sino Light Group commenced in 2008.

## Segment Information

For the year ended 31 December 2008, the Sino Light Group was principally engaged in (i) the manufacture and trading of silicon solar cells; and (ii) real estate development

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. SHARE CAPITAL

Assuming there is no change in the number of Shares in issue from the Latest Practicable Date up to the Completion Date, the authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) after Completion and upon exercise in full of the conversion rights attaching to the Convertible Bonds are as follows:

## (a) As at the Latest Practicable Date

<i>A uthorised :</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>500,000,000.00</u>
<i>I ssued :</i>	
<u>1,807,170,425</u> Shares	<u>180,717,042.50</u>

## (b) After Completion and upon exercise in full of the conversion rights attaching to the Convertible Bonds

<i>A uthorised :</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>500,000,000.00</u>
<i>I ssued :</i>	
1,807,170,425 Existing Shares	180,717,042.50
435,000,000 Conversion Shares to be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds	43,500,000.00
<u>2,242,170,425</u>	<u>224,217,042.50</u>



Name of Director	Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (%)
Ms. Zhang Liming	Beneficial Interest (Note 4)	3,133,500(L)	0.17%
	Interest in the share options granted under the Share Option Scheme	1,000,000(L)	0.06%
Mr. Zhang Chun	Interest in the share options granted under the Share Option Scheme	500,000(L)	0.03%
Ms. Fu Shuangye	Interest in the share options granted under the Share Option Scheme	500,000(L)	0.03%
Dr. Lin Wen	Interest in the share options granted under the Share Option Scheme	500,000(L)	0.03%
Mr. Wong Wing Kuen, Albert	Interest in the share options granted under the Share Option Scheme	500,000(L)	0.03%

Note :

- (1) The letter "L" denotes the person's long position in such securities.
- (2) Mr. Tan, Mr. Hsu You Yuan and Mr. Chiao Ping Hai are entitled to buy back the Shares of the relevant senior management and employees in the event that any of them cease to be employed or engaged within 4 years after 31 March 2008, being the date of the listing of the Group. These Directors also have security interest in these Shares pursuant to a share charge granted by the relevant employees and consultants to secure their obligations to pay for the purchase price of the Shares and their obligations to comply with the relevant regulatory requirements to which they are subject to (if any).
- (3) As at the Latest Practicable Date, Mr. Chong is interested in an aggregate of 83,625,040 Shares, of which 2,449,500 Shares are directly held by Mr. Chong, 1,100,000 Shares are held by Mr. Chong's spouse, 64,140,040 Shares are held by PEC and 15,935,500 Shares are held by the Fourth Vendor. The Fourth Vendor is held as to 20% by PEC, as to 45% by Leigh Company Limited and as to 35% by independent third parties. Both PEC and Leigh Company Limited are wholly-owned by Mr. Chong.

Mr. Chong holds 26,058,625 Shares as trustee on behalf of certain Directors, members of the senior

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Interest and short positions of substantial shareholders in Shares, underlying shares and debentures

So far as the Directors are aware, as at the Latest Practicable Date, the following persons (not being Directors or the chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO, or who (other than a member of the Group) was, directly or indirectly,

Name	Capacity	Number of Shares held (Note 1)	Approximate percentage of shareholding
The Baring Asia Private Equity Fund IV, L.P.	Interest of a controlled 9,600 ration	122,139,421(L)	6.76%
Baring Private Equity Asia IV Holding (6) Limited	Beneficial interest	119,045,000(L)	6.59%

No :

- (1) The letter "L" denotes the person's long position in such securities.
- (2) To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, WWIC is wholly-owned by WWX as at the Latest Practicable Date. By virtue of the SFO, WWX is deemed to be interested in the Shares held by WWIC.

Save as disclosed herein, the Directors are not aware of any person (not being Directors or the chief executive of the Company) who, as at the Latest Practicable Date, have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group was) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### 4. DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESSES

Mr. Tan, being the executive Director, and Mr. Chong and Mr. Chiao Ping Hai, being the non-executive Directors, are interested in other related businesses, particulars of which are set out below:

- (a) Mr. Tan

Mr. Tan holds 32.14% an indirect interest in HPT and 40% interest in 錦州昌華碳素製品有限公司 (Jinzhou Changhua Carbon Products Company Limited) ("Jinzhou Changhua"). HPT is engaged in the manufacturing of solar photovoltaic and solar cells. Jinzhou Changhua is engaged in the manufacturing of graphite and "Jinzhou

graphite related products; and (b) graphite is not a substitute for, or alternative raw material to, polysilicon in the manufacturing of solar related products.

(b) Mr. Chiao Ping Hai

Mr. Chiao Ping Hai has interests in WWX, Wafer Works (Shanghai) Corp (上海合晶矽材料有限公司) (“WWXS”) and Wafer Works Epitaxial Corp (“WWXE”). These three companies are all engaged in the business of manufacturing silicon wafers used in the semi-conductor industry. Mr. Chiao Ping Hai also has indirect interests in Helitek and Heli-Vantech, Inc., both of which are engaged in the trading of silicon wafers used in the manufacture of semi-conductors. Although silicon wafer is the basic raw material used in the production of semi-conductors and solar cells or solar-related products, the quality and purity level of silicon wafer required for the production of semi-conductors is higher than that required for the production of solar cells or solar-related products, it would not be cost effective for solar product manufacturers to use costly semi-conductor grade silicon wafers to manufacture solar products. Given the foregoing, it is considered that the semi-conductor industry is different from that of the solar technology industry and thus, WWX, WWXS and Wafer Works Epitaxial Corp., Helitek and Heli-Vantech, Inc., are not engaged in any competing business of the Group.

(c) Mr. Chong

Mr. Chong holds 7.7% indirect interest in HPT and Jinzhou Changhua. HPT is engaged in the manufacture of PV and solar cells, Jinzhou Changhua is engaged in the manufacture of graphite and graphite related products. As explained above, HPT and Jinzhou Changhua are not competitors of the Group, as the Group, HPT and Jinzhou Changhua are engaged in different industries. Mr. Chong also holds an interest in 錦州佑鑫電子材料有限公司 (Jinzhou Youxin Electronic Materials Co., Ltd.) (“Jinzhou Youxin”), which is principally engaged in the trading of quartz crucibles. Jinzhou Youxin is not a competitor to the Group because (a) quartz crucible is an auxiliary raw material for the manufacture of polysilicon products which the Group manufactures. Jinzhou Youxin, being in the business of trading quartz crucibles, is an upstream company which supplies auxiliary raw materials to the Group; and (b) Jinzhou Youxin does not manufacture any polysilicon or polysilicon related products.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had an interest in any business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## 5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, save for (i) the exempt continuing connected transaction in relation to the tenancy agreement entered into between Wealthy Rise International Limited (“Wealthy Rise”), an indirect wholly-owned subsidiary of the Company, and Richzone Industries Limited (“Richzone”), an associate of Mr. Chong on 20



polysilicon and other raw materials necessary for the production of silicon solar ingots as well as the processing and production of silicon solar wafers to WWX or its subsidiaries;

- (j) the framework sale agreement dated 3 November 2010 entered into between the Company and WWX (in which Mr. Chiao has interests as described in (a) above) in respect of the sale of upgraded and processed polysilicon, silicon solar ingots and silicon solar wafers to WWX or its subsidiaries;
- (k) the framework supply agreement dated 3 November 2010 entered into between the Company and WWX (in which Mr. Chiao has interests as

## 8. LITIGATION

As at the Latest Practicable Date, neither the Company, any of its subsidiaries nor any member of the Sino Light Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company, any of its subsidiaries or any member of the Sino Light Group.

## 9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualifications of the experts who have given an opinion or advice contained in this circular:

Name	Qualification
First Shanghai	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
KPMG	Certified public accountants

As at the Latest Practicable Date, First Shanghai and KPMG did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, First Shanghai and KPMG did not have any interest, direct or indirect, in any asset which since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

First Shanghai and KPMG have given and have not withdrawn their written

registered capital of RMB40,000,000 which is owned as to 51% by Jinzhou Yangguang, as to 35% by Kinmac Holdings and as to 14% by the independent third party, to enable the Group to expand its product range throughout the photovoltaic supply chain;

- (b) a memorandum of understanding dated 1 June 2009 between the Company and the 18 shareholders (the “Relevant Sellers”) of Kinmac Solar Corporation (“Kinmac”) named therein whereby (i) Solar Technology Investment (Cayman) Corp. (“STIC”), a wholly-owned subsidiary of the Company, agreed to purchase from the Relevant Sellers an aggregate of 44,239,980 shares (the “Kinmac Share(s)”), representing approximately 78.93% of the issued share capital of Kinmac, at a consideration of NT\$22.00 per Kinmac Share; (ii) the Relevant Sellers agreed to apply the net proceeds from the disposal of the Kinmac Shares to subscribe for an aggregate of 78,924,124 Shares at HK\$2.92 per Share; and (iii) the Relevant Sellers agreed to procure the minority shareholders of Kinmac to sell their Kinmac Shares to STIC on the same terms and conditions as those the Relevant Sellers are subject to;
- (c) a sale and purchase agreement (the “Kinmac S&P”) dated 11 June 2009 between the STIC and the Relevant Sellers whereby the Relevant Sellers agreed to sell and STIC agreed to purchase an aggregate of 44,239,980 Kinmac Shares, representing approximately 77.17% of the issued share capital of Kinmac at a consideration of NT\$22.00 per Kinmac Share;
- (d) a subscription agreement (the “Kinmac Subscription Agreement”) dated 11 June 2009 between the Company, the Relevant Sellers and other minority shareholders of Kinmac named therein whereby the Relevant Sellers and other minority shareholders named therein agreed to apply the proceeds from the sale of the Kinmac Shares to subscribe an aggregate of 101,633,954 Shares at the subscription price of HK\$2.92 per Share;
- (e) an asset transfer agreement dated 2 November 2009 between Jinzhou Jinmao and HPT pursuant to which Jinzhou Jinmao agreed to purchase, and HPT agreed to sell, certain equipment and office furniture, to the Group at a purchase price of RMB4,099,775.04;
- (f) an underwriting agreement dated 4 December 2009 between the Company and Taiwan Polaris Securities Corporation Limited (for itself and on behalf of other underwriters named therein) in connection with the issue of 100,000,000 units of Taiwan depositary receipts (“TDR”) comprising 100,000,000 Shares as underlying securities, at an offer price of NT\$9.45 (equivalent to HK\$2.28) per TDR (the “TDR Issue”);
- (g) a depositary agreement dated 11 December 2009 between the Company and Mega International Commercial Bank Co., Ltd. in relation to its appointment as the Company’s depositary bank in Taiwan in connection with the TDR Issue;

- (h) a subscription agreement and a joint venture agreement both 24 September 2010 between Rising Sun Investments Company Limited (“Rising Sun”), a wholly owned subsidiary of the Company and three individual shareholders of Qinghai Chenguang New Energy Co., Ltd. (青海辰光新能源有限公司) (“Qinghai Chenguang”) whereby Rising Sun agreed to acquire 51% equity interest in Qinghai Chenguang by way of capital increase through cash injection in the amount of RMB45,900,000;
- (i) a joint venture agreement dated 8 November 2010 between Jinzhou Yangguang Energy Co., Ltd. (“Jinzhou Yangguang”), a wholly-owned subsidiary of the Company and Liaoning Oxiranchem, Inc. (遼寧奧克化學股份有限公司) (“Liaoning Oxiranchem”) for the establishment of 錦州奧克陽光新能源有限公司 (Jinzhou Oxiranchem Yangguang New Energy Co. Ltd.) (the “Joint Venture”) which is owned as to 63% by Liaoning Oxiranchem and as to 37% by Jinzhou Yangguang, to engage in the business of manufacturing multicrystalline silicon solar ingots and wafers;
- (j) the First S&P Agreement;
- (k) the Termination Agreement; and
- (l) the Second S&P Agreement.

#### 11. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Chow Yiu Ming, a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The auditor of the Company is KPMG of 8th Floor, Prince’s Building, 10 Chater Road, Central, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 31 to 54 of this circular;
- (e) the written consents of First Shanghai and KPMG referred to in the paragraph headed “Experts” in this appendix;
- (f) the annual reports of the Company for each of the two years ended 31 December 2008 and 2009;
- (g) the interim report of the Company for the six months ended 30 June 2010;
- (h) the accountants’ report from KPMG dated 15 December 2010 on the financial information of the Sino Light Group, the text of which is set out in appendix II to this circular;
- (i) the report from KPMG dated 15 December 2010 in respect of the unaudited pro forma financial information on the Enlarged Group, the text of which is set out in appendix III to this circular;
- (j) the circular dated 15 December 2010 issued by the Company in relation to the continuing connected transactions with WWX; and
- (k) this circular.



## NOTICE OF EGM

435,000,000 shares with a par value of HK\$0.10 each in the share capital of the Company (“Conversion Shares”) to the holders of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds at HK\$1.92 per Conversion Share be and are hereby approved; and

- (D) any one director of the Company be and is hereby authorised to do all such acts and things as he/she in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the S&P Agreement and the transactions contemplated thereunder, including without limitation, the creation and issue of the Convertible Bonds and the allotment and issue of the Conversion Shares from time to time upon exercise of the conversion rights under the Convertible Bonds, and, where required, to agree to such variation or amendments of such documents or any terms of the S&P Agreement and the Convertible Bonds.”

### 2. “THAT

- (A) the framework sale agreement (the “New WWX Sale Agreement”) dated 3 November 2010 entered into between the Company and Wafer Works Corp. (“WWX”) in respect of the sale of upgraded and processed polysilicon, silicon solar ingots and silicon solar wafers to WWX or its subsidiaries, a copy of which is tabled before the meeting and marked “B” and initialled by the chairman of the EGM for identification purpose, and the terms of the transactions contemplated under the New WWX Sale Agreement be and are hereby approved, confirmed and ratified;
- (B) the respective annual cap amounts in relation to the transactions contemplated under the New WWX Sale Agreement for the three years ending 31 December 2013 be and are hereby approved; and
- (C) any one director of the Company be and is hereby authorised to do all such things and take all other steps which, in his or her opinion, may be necessary or desirable for the purposes of giving effect to the New WWX Sale Agreement and the transactions contemplated thereunder.”

### 3. “THAT

- (A) the framework supply agreement (the “New WWX Supply Agreement”) dated 3 November 2010 entered into between the Company and WWX in respect of the supply of scrap polysilicon raw material, scrap ingots and scrap wafers to the Company or its subsidiaries, a copy of which is tabled before the meeting and marked “C” and initialled by the chairman of the EGM for identification purpose, and the terms of the transactions contemplated under the New WWX Supply Agreement be and are hereby approved, confirmed and ratified;

- (B) the respective annual cap amounts in relation to the transactions contemplated under New WWX Supply Agreement for the three years ending 31 December 2013 be and are hereby approved; and
- (C) any one director of the Company be and is hereby authorised to do all such things and take all other steps which, in his or her opinion, may be necessary or desirable for the purposes of giving effect to the New WWX Supply Agreement and the transactions contemplated thereunder.”

By Order of the Board  
Solargiga Energy Holdings Limited  
陽光能源控股有限公司  
Hsu You Yuan  
E c D c o

Hong Kong, 15 December 2010

Registered Office:  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

Principal Place of Business  
in Hong Kong:  
Room 1402, Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

No :

1. Every Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.
3. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not less than 48 hours before the time appointed for the holding of the EGM or any adjournment of it (as the case may be).
4. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on Wednesday, 26 January 2011, the EGM will not be held on that day. An anno9]TJT\* [88(wae38(.)-n)-27whbe made in such evT\*.
5. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the EGM convened and in such evT\*, the instrument appointing a proxy shall deJTd to be revoked.

As at the date of this notice, Mr. Tan Wenhua, Mr. Hsu You Yuan and Ms. Zhang Liming are executive directors of the Company; Mr. Chiao Ping-hai and Mr. Chong Kin Ngai are non-executive directors of the Company; and Mr. Wong Wing Kuen, Albert, Ms.