

PRINCIPAL TERMS OF THE SUPPLY AGREEMENT

Date: 4 September 2008

Purchaser: Wealthy Rise, a wholly-owned subsidiary of the Company

Supplier: Hoku Materials, Inc.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Supplier and its ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules).

The Supplier and its beneficial owners do not have any prior or existing relationship (including business relationship) with the Company and/or its connected persons.

- Terms:
- (a) Pursuant to the Supply Agreement, Wealthy Rise will purchase and the Supplier will supply a predetermined quantity of polysilicon, a key material to the Group's products, to Wealthy Rise each year, with the first shipment in the first quarter of 2010 and the remainder over a ten-year period at set prices that will decline throughout the term of the Supply Agreement. The predetermined quantity of polysilicon to be purchased from the Supplier represents the minimum quantity to be purchased by Wealthy Rise each year.
 - (b) The term of the Supply Agreement is ten years from the date of the first shipment, which is planned to be prior to 31 March 2010.
 - (c) Under the Supply Agreement, up to approximately US\$455 million may be payable to the Supplier during the ten-year period, subject to the acceptance of product deliveries. The total contract value of the Supply Agreement is determined after arm's length negotiation with the Supplier with reference to the estimated quantity of polysilicon supply in 2010 and the unit price of polysilicon determined by the Company's management forecast on the price of polysilicon on the basis of the expected increase in the Group's production capacity and a discount to market price for the polysilicon materials throughout the term of the Supply Agreement.
 - (d) Wealthy Rise is required to pay the Supplier the Deposit in the amount of US\$68 million, representing approximately 14.95% of the total contract value of the Supply Agreement which the Directors consider is within the range of percentage of the deposit required to be paid by the Supplier's other customers and was arrived at after arm's length negotiation between Wealthy Rise and the Supplier. The Deposit is payable by Wealthy Rise as follows:
 - (i) Wealthy Rise is required to pay the Supplier a cash deposit of US\$22 million within 15 days of the execution of the Supply Agreement, as a prepayment for future product deliveries, unless the Company is required to obtain the approval of its shareholders pursuant to the

Listing Rules, in which case Wealthy Rise will have an additional 60 days to obtain such approval and pay the US\$22 million prepayment. If such shareholder approval is not obtained and the US\$22 million prepayment is not received within the applicable time period, then the Supplier may terminate the Supply Agreement and Wealthy Rise shall pay the Supplier a break-up fee in the amount of US\$1 million (the “Break-up Fee”). The Directors consider that the Break-up Fee represents a fair and genuine compensation to the Supplier for its time, expenses and the opportunity cost for not selling its product to other purchasers in the interim in the event that the said shareholders’ approval is not obtained.

- (ii) Wealthy Rise is required to pay an additional US\$46 million, as a prepayment for future product deliveries, in increments of US\$21 million, and US\$20 million on or before 20 December 2008 and 31 March 2009, respectively, with a final US\$5 million being payable when the Supplier completes aggregate shipments of a cumulative aggregate of twenty-five metric tons of polysilicon to Wealthy Rise.
- (iii) The Deposit is interest-free.
- (e) The Supplier will credit Wealthy Rise for the Deposit against products shipped in the 10-year period during the subsistence of the Supply Agreement, such that the Deposit will have been fully set off against the purchase price payable by Wealthy Rise for the polysilicon delivered by the Supplier during the 10-year period.
- (f) In the event that Wealthy Rise terminates the Supply Agreement, the Supplier is required to refund to Wealthy Rise the Deposit, less any part of the Deposit that has been applied to the purchase price of polysilicon delivered under the Supply Agreement. Wealthy Rise may terminate the Supply Agreement in the event of a material breach of the Supply Agreement on the part of the Supplier and the commencement of insolvency proceedings against the Supplier.
- (g) The Supplier will grant to Wealthy Rise a charge over its tangible and intangible assets relating to the Supplier’s polysilicon business to secure the Supplier’s obligation to repay the Deposit in the event that the Supplier does not fulfill its contractual obligations under the Supply Agreement. These assets may include, among others, real and intellectual property, facilities, equipment, cash and/or other capital assets associated with the Supplier’s polysilicon business. Wealthy Rise’s security interest will be subordinated to the Supplier’s other third party lenders and will expire once the full value of the Deposit has been credited back to Wealthy Rise as a deduction on invoices for product shipments. Under the Supply Agreement, the Company

The terms of the Supply Agreement were arrived at after arm's length negotiations between Wealthy Rise and the Supplier. The Directors (including independent non-executive Directors) consider that the terms of the Supply Agreement and the payment of the Deposit are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP

The Group is one of the leading manufacturers of monocrystalline silicon ingots, measured in terms of production output and sales in the People's Republic of China. It is engaged in the manufacturing of

- (g) in general, the amount of prepayments represents approximately 10% to 20% of the total contract value of the supply contracts, subject to other factors such as the amount of polysilicon ordered, the length of the supply arrangement, the polysilicon supplier's standard terms and conditions and the negotiation between suppliers and customers;
- (h) the deposit may or may not be secured by collateral or other security provided by suppliers. If the deposit is secured by collateral, polysilicon customers will have recourse against the operating assets of polysilicon suppliers when such suppliers do not fulfill their contractual obligations under the supply agreements. Such security interest expires as soon as the full value of the deposit has been credited back to the customer as a deduction on invoices for product shipments;
- (i) some polysilicon users which are listed on other reputable stock exchanges have earmarked a portion of their listing proceeds in respect of the prepayment for purchase of polysilicon and the extent of the listing proceeds earmarked for the prepayment ranges from approximately 20% to 45% of the total proceeds; and
- (j) the deposit payment arrangement is generally required by suppliers for two major reasons: (i)

supply agreements for a stable source of polysilicon at lower price. As disclosed in the Prospectus and

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	Hoku Materials, Inc., a wholly-owned subsidiary of Hoku Scientific, Inc. (NASDAQ: HOKU), a company listed on NASDAQ and established to manufacture and sell polysilicon
“Supply Agreement”	the supply agreement dated 4 September 2008 between Wealthy Rise and the Supplier in respect of the sale and purchase of polysilicon
“US\$”	United States dollar
“Wealthy Rise”	Wealthy Rise International Limited (鉅升國際有限公司), a company incorporated in Hong Kong with limited liability on 21 June 2007, is an indirect wholly-owned subsidiary of the Company

By Order of the Board
Solargiga Energy Holdings Limited
Hsu You-Yuan
D. . . .

Hong Kong, 11 September 2008

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