THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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.

Solargiga Energy

Solargiga Energy Holdings Limited
陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

MAJOR AND CONNECTED TRANSACTION AND ISSUE OF CONVERTIBLE BONDS

Financial adviser to the Company

建银国际
CCB International

CCB International Capital Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

First Shanghai Capital Limited

A letter from the Independent Board Committee containing its recommendation in respect of the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares to the Independent Shareholders is set out on pages 29 to 30 of this circular. A letter from the Independent Financial Adviser containing its advice in respect of the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 54 of this circular.

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. 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.

Hong Kong, 15 December 2010

CONTENTS

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) (stock code: 757), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms of the Second S&P Agreement
"Completion Date"	the date of Completion, 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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"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 of HK$835,200,000 to be issued on Completion in satisfaction in full of the consideration for the Acquisition
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held to approve, among other things, the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares
"Enlarged Group"	the Group immediately after Completion
"Fifth Vendor"	Seaquest Ventures Inc., an investment holding company incorporated in the BVI and is beneficially and wholly owned by Mr. Quintin Wu, 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 Fifth Vendor
"Fifth Warrantors"	Fifth Vendor together with Mr. Quintin Wu
"First S&P Agreement"	the sale and purchase agreement dated 30 September 2010 and entered into among the Company, the Vendors and the Warrantors in relation to the Acquisition

"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 this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"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

"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

"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.

Unless otherwise specified in this circular, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK$ at the rate of HK$1=RMB0.877. No representation is made that any amounts in HK$ or RMB can be or could have been converted at the relevant dates at the above rate or any other rates at all.

Solargiga Energy Holdings Limited
陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock code: 757)

Executive Directors:
Mr. Tan Wenhua
Mr. Hsu You Yuan
Ms. Zhang Liming

Non-executive Directors:
Mr. Chiao Ping Hai (Chairman)
Mr. Chong Kin Ngai

Independent non-executive Directors
Mr. Wong Wing Kuen, Albert
Ms. Fu Shuangye
Dr. Lin Wen
Mr. Zhang Chun

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

15 December 2010

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION AND ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

Reference is made to (i) 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; (ii) the announcements of the Company dated 5 November 2010 and 9 December 2010, respectively, made pursuant to Rule 13.09 of the Listing Rules and Rule 3.7 of the Takeovers Code; and (iii) the Announcement.

The Board announced on 9 November 2010 that after trading hour on 8 November 2010, the Company, the Vendors and the Warrantors entered into the Second S&P Agreement, pursuant to which the Company has conditionally agreed to purchase the Sale Shares from the Vendors for a total consideration of HK$835,200,000, which will be satisfied in full by the issue of the Convertible Bonds upon Completion.

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:	53,888,261	100.00%

Consideration

The total consideration for the Acquisition is HK$835,200,000, which will be satisfied in full by the issue of the Convertible Bonds upon Completion to each of the Vendors pro rata to their respective shareholding interests in Sino Light:

	Principal amount of the Convertible Bonds *(HK$)*
First Vendor	268,393,493
Second Vendor	129,839,106
Third Vendor	116,971,605
Fourth Vendor	64,334,376
Fifth Vendor	41,770,895
Sixth Vendor	185,410,201
Seventh Vendor	28,480,324
Total:	835,200,000

The consideration was determined among the parties after arm's length negotiations and taking into consideration, 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 Directors are of the view that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon the fulfilment of the following conditions:

(a) the passing by the Independent Shareholders of all necessary resolutions at the EGM approving the Second S&P Agreement and the transactions contemplated thereunder and other related transaction documents, including but not limited to, the grant of the specific mandate to the Directors for the issue of the Convertible Bonds and the Conversion Shares (subject to exercise of the conversion rights attaching to the Convertible Bonds), in accordance with the terms of the Second S&P Agreement;

(b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;

(c) the continuous listing of and permission to deal in the Shares from the date of the Second S&P Agreement up to and including the Completion Date save for any temporary suspension of dealing pending clearance of the Announcement in accordance with the Listing Rules;

(d) the warranties provided by the Warrantors under the Second S&P Agreement remaining true, accurate and complete in all respects and not misleading in any respect as at Completion;

(e) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Second S&P Agreement having been obtained by the Vendors and Sino Light;

(f) the Company being satisfied that there has been no material adverse change in respect of the Sino Light Group as at Completion; and

(g) no breach of obligations and undertakings given by the Warrantors to be performed before Completion having occurred.

The Company may in its absolute discretion waive any of the above conditions precedent or any part of a condition precedent (other than the conditions precedent labelled (a) and (b) above) at any time by notice in writing to the Vendors. Such waiver is without prejudice to the Vendors' obligations to satisfy, as soon as possible after Completion, any waived conditions precedent (or part of any condition precedent).

Each of the Vendors shall use its best endeavours to procure the fulfilment of the aforestated conditions precedent (except the conditions precedent labelled (a), (b) and (c) above which shall be fulfilled by the Company) on or before 30 June 2011 (or such other date as the parties to the Second S&P Agreement may agree in writing). As soon as any condition precedent (other than the conditions precedent labelled (d), (f) and (g) to be fulfilled or waived before Completion) have been fully satisfied (or waived), as the case may be, the Vendors shall give written notice of the same to the Company.

In the event that not all of the conditions precedent are fulfilled, or waived, as the case may be, by the Company pursuant to the terms of the Second S&P Agreement by 30 June 2011 (or such other date as the parties to the Second S&P Agreement may agree in writing), then the Company shall not be bound to proceed with the sale and purchase of the Sale Shares and the Company shall be entitled to terminate the Second S&P Agreement by notice in writing to the Vendors. Upon termination, the parties to the Second S&P Agreement shall be released and discharged from their respective obligations under the Second S&P Agreement, except that save as otherwise provided in the Second S&P Agreement, any cause of action accrued or any liability arising before or in relation to such termination shall continue notwithstanding such termination.

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).

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;

(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.

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

(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 oramalgamation 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

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):

	As at the Latest Practicable Date		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 *(Note 1)*		Upon full exercise of the conversion rights attaching to the Convertible Bonds: Assuming all outstanding share options granted under the Share Option Scheme have been exercised *(Note 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 *(Notes 3 & 4)*	478,145,999	26.46	617,934,277	27.56	619,234,277	27.35
Mr. Chong and his associates *(Notes 5 , 6 & 7)*	104,436,165	5.78	137,943,652	6.16	137,943,652	6.08
Mr. Hsu You Yuan *(Note 8)*	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 *(Note 9)*	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

		As at the Latest Practicable Date		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 (Note 1)		Upon full exercise of the conversion rights attaching to the Convertible Bonds — Assuming all outstanding share options granted under the Share Option Scheme have been exercised (Note 2)	
		No. of Shares	%	*No. of Shares*	%	*No. of Shares*	%
	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 *(Note 10)*	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 *(Note 11)*	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
	Total	1,807,170,425	100.00	2,242,170,425	100.00	2,263,264,588	100.00

Notes:

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.

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 Shares are held by the Fourth Vendor, 19,261,125 Shares are held by Mr. Chong as trustee, 1,550,000 Shares are held by Mr. Chong's relatives and other associate(s). Upon full exercise of the conversion rights attaching to the Convertible Bonds, an aggregate of 137,943,652 Shares will be held by Mr. Chong and his associates, of which, 2,449,500 Shares will be held by Mr. Chong, 1,100,000 Shares will be held by Mr. Chong's spouse, 64,140,040 Shares will be held by PEC, 49,442,987 Shares will be held by the Fourth Vendor, 19,261,125 Shares will be held by Mr. Chong as trustee, 1,550,000 Shares will be held by Mr. Chong's relatives and other associate(s). As at the Latest Practicable Date, neither Mr. Chong nor any of his associates has any outstanding share options under the Share Option Scheme.

6. As at the Latest Practicable Date, the Fourth Vendor is held as to 20% by PEC, 45% by Leigh Company Limited, 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. Both PEC and Leigh Company Limited are wholly owned by Mr. Chong.

7. Mr. Chong holds 26,058,625 Shares as trustee on behalf of certain directors, members of the senior management and staff of the Group, of which 2,350,125 Shares and 2,659,375 Shares are held by Mr. Chong in trust for Ms. Zhang Liming and Mr. Hsu You Yuan, both an executive Director, respectively, and 1,788,000 Shares are held by Mr. Chong in trust for the six employees mentioned in note 4 above.

8. Out of the 12,440,927 Shares, 2,659,375 Shares are 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 his behalf.

9. Out of the 3,133,500 Shares, 2,350,125 Shares are 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 her behalf.

10. 130,000 Shares are held by the wife of Mr. Tam Wing Keung. Mr. Tam Wing Keung is the beneficial owner of the entire issued shares of the Sixth Vendor.

11. WWIC is a wholly owned subsidiary of WWX and a substantial Shareholder for the purpose of the Listing Rules.

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 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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.

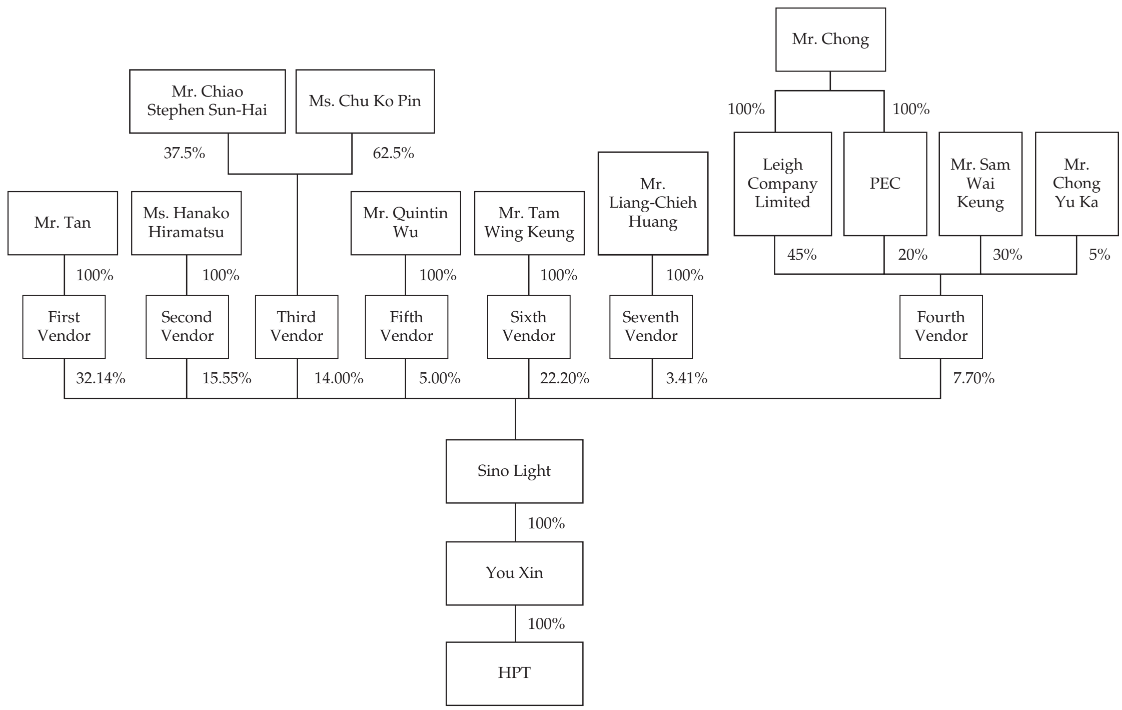
(c) In December 2009, the Sino Light Group underwent a corporate reorganisation (the "Reorganisation") whereby Sino Light now holds 100% of the issued shares of You Xin which in turn holds 100% of the equity interests of HPT. Sino Light, being the ultimate holding company of HPT, was owned as to 53% 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 Light, to the Sixth Vendor at a cash consideration of US$1,460,000. After the subscriptions and the share sales, Sino Light was owned as to approximately 32.14% by the First Vendor, as to 7.7% by the Second Vendor, as to 14% by the Third Vendor, as to 7.7% by the Fourth Vendor, as to 3.5% by the Fifth Vendor, as to 31.54% by the Sixth Vendor and as to 3.41% by the Seventh Vendor.

(f) On 12 April 2010, the Sixth Vendor transferred (i) shares of Sino Light to the Second Vendor, representing approximately 7.85% of the issued shares of Sino Light, for a cash consideration of US$2,300,000 and (ii) shares of Sino Light to the Fifth Vendor, representing approximately 1.5% of the issued shares of Sino Light, for a cash consideration of US$439,883. After the share sales, Sino Light was owned as to approximately 32.14% by the First Vendor, as to 15.55% by the Second Vendor, as to 14% by the Third Vendor, as to 7.7% by the Fourth Vendor, as to 5% by the Fifth Vendor, as to 22.2% by the Sixth Vendor and as to 3.41% by the Seventh Vendor.

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:

Sale of silicon solar wafers to HPT by the Group

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.

The HPT Sale Agreement was entered into in the ordinary and usual course of business and on normal commercial terms. The purchase price payable by HPT to the Group under the HPT Sale Agreement is determined with reference to the prevailing market price of silicon solar wafers and the sales quantity thereof. For the year ended 31 December 2009, the aggregate amount of the sales proceeds received by the Group from HPT in relation to the sale of silicon solar wafers amounted to approximately RMB195,546,000 (2008: RMB17,506,000). Based on the Directors' estimate of the sales of silicon solar wafers for the year ending 31 December 2010, it is expected that the annual cap amount receivable by the Group for transactions under the HPT Sale Agreement will not exceed RMB2,113,650,000.

The above proposed cap is determined with reference to (a) the actual quantity of silicon solar wafers produced by the Group in the first half of 2008; (b) the anticipated increase in silicon solar wafer production arising from an expansion in the Group's manufacturing bases which is, subject to the prevailing market conditions; (c) the anticipated increase in demand from HPT for silicon solar wafers; and (d) the price of silicon solar wafers sold to independent third parties.

Supply of solar cells from HPT to the Group

On 2 November 2009, the Company entered into a framework agreement with HPT (the "Solar Cells Supply Agreement") pursuant to which the Company has agreed to purchase (or procure its subsidiaries to purchase), and HPT has agreed to supply, solar cells. Upon the approval from its independent shareholders in respect of the Solar Cells Supply Agreement having been obtained on 31 December 2009. The Solar Cells Supply Agreement has taken effect on 2 November 2009 and will expire on 31 December 2011.

The transactions under the Solar Cells Supply Agreement were entered into in the ordinary and usual course of business of the Group and on normal commercial terms. The prices for the transactions under the Solar Cells Supply Agreement are determined in accordance with the prevailing market price of solar cells and the quantities to be purchased by the Group. The terms of the Solar Cells Supply Agreement and the transaction contemplated thereunder are determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from independent third parties. Payments for the transactions under the Solar Cells Supply Agreement are on such credit terms as may be agreed between the parties on normal commercial terms and no less favourable to the Company than terms available from independent third parties.

For the year ended 31 December 2009, the aggregate amount of the purchase price paid by the Group to HPT under the Solar Cells Supply Agreement amounted to approximately RMB7,359,000 (2008: Nil).

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 price of solar cells purchased from independent third parties.

It is expected that upon completion of the Acquisition, the Sino Light Group will form part of the Enlarged Group and accordingly, the transactions contemplated under the HPT Sale Agreement and the Solar Cells Supply Agreement will cease to be connected transactions for the Company after completion of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 silicon solar ingots and wafers; (ii) processing of silicon solar ingots and wafers; (iii) upgrading and trading of polysilicon; (iv) production and sales of monocrystalline and multicrystalline photovoltaic modules; and (v) design and installation of photovoltaic systems.

Upon completion of the Acquisition, Sino Light, You Xin and HPT will become wholly owned subsidiaries of the Company which will enable the Group to accelerate its intended downstream business developments in the photovoltaic industry. The Acquisition will enable the Group to secure a reliable source of silicon solar cells for its module business and improve the operational efficiency of the Group. Moreover, the Acquisition is expected to bring synergy between the new business and the Group's existing business of wafer and ingot manufacturing, which will benefit the Group in the long run. The Directors are of the view that the Acquisition is in line with the Group's plan in developing its downstream business and will enable the Group to further diversify its source of revenue and broaden its opportunities to cooperate with well-established enterprises along the photovoltaic value chain. Taking into account the foregoing, the Directors consider that the terms of the Second S&P Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 and benefits of the Acquisition" in this letter, the Directors consider it a fair expectation that the Acquisition will have a positive impact on the earnings of the Group upon Completion.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios, where appropriate, calculated with reference to Rule 14.07 of the Listing Rules, exceed 25% but are less than 100%, the Acquisition constitutes major transaction for the Company under the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) since the First Vendor is wholly owned by Mr. Tan, the First Vendor is an associate of Mr. Tan and is therefore a connected person of the Company under the Listing Rules; and (ii) since the Fourth Vendor is beneficially owned as to 65% by companies wholly owned by Mr. Chong, the Fourth Vendor is an associate of Mr. Chong and is therefore also a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the transactions contemplated thereunder also constitute connected transactions for the Company under the Listing Rules and are subject to approval by the Independent Shareholders at the EGM.

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.

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
Executive Director

Solargiga Energy Holdings Limited
陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

15 December 2010

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION AND ISSUE OF CONVERTIBLE BONDS

We refer to the circular of the Company dated 15 December 2010 (the "Circular"), of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

The Independent Board Committee has been established by the Board and we have been appointed as members of the Independent Board Committee to consider the terms of the Second S&P Agreement and the Convertible Bonds and to advise you as to whether, in our opinion, 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. Details of the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are set out in the "Letter from the Board" of the Circular.

First Shanghai has been appointed as the Independent Financial Adviser to advise us and you regarding the terms of the Second S&P Agreement and the Convertible Bonds. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 31 to 54 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

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**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares for inclusion in this circular.

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

15 December 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION AND ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares, details of which are set out in the circular of the Company dated 15 December 2010 (the "**Circular**") to the Shareholders of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

The Acquisition constitutes major transaction of the Company under the Listing Rules. Since the First Vendor and the Fourth Vendor are wholly owned by Mr. Tan and beneficially owned as to 65% by companies wholly owned by Mr. Chong respectively, the First Vendor and the Fourth Vendor are connected persons of the Company under the Listing Rules. Accordingly, the Acquisition and the transactions contemplated thereunder including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares constitute connected transactions for the Company under the Listing Rules and are subject to approval by the Independent Shareholders at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun, 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. We, First Shanghai, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

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 Directors and the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Directors and the Group were true at the time they were made and continued to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We have sought confirmation from the Directors that no material facts or information have been omitted from the information supplied and/or opinions expressed. We consider that we have reviewed sufficient available information and documents to enable us to reach an informed view with a reasonable basis for our opinions. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group or the Sino Light Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have considered the following principal factors and reasons:

1. Business and financial information of the Group

(i) Business of the Group

The Group is principally engaged in (a) trading and manufacturing of monocrystalline and multicrystalline silicon solar ingots and wafers; (b) processing of silicon solar ingots and wafers; (c) upgrading and trading of polysilicon; (d) production and sales of monocrystalline and multicrystalline photovoltaic modules; and (e) design and installation of photovoltaic systems.

(ii) Financial information of the Group

Consolidated income statements of the Group

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 31 December		**Six months ended 30 June**	
	2008	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
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	(33,991)	16,624	29,100	(12,006)
Profit/(Loss) for the year/period	83,379	(98,142)	(119,747)	40,545

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.

Consolidated balance sheets of the Group

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

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.

HPT is a company established in the PRC with limited liability and is principally engaged in manufacturing of monocrystalline silicon solar cells, which are mainly sold to module manufacturers in the PRC for system installation projects. Sino Light Group was also engaged in the real estate development business through, the then wholly-owned subsidiary, Jinzhou Huachang Photovoltaic Real Estate Development Company Limited ("**Huachang Real Estate**"). Sino Light Group disposed of the entire issued shares of Huachang Real Estate to Mr. Tan at a consideration of RMB8.0 million in December 2009. No turnover was generated from Huachang Real Estate for the two years ended 31 December 2009.

(ii) Financial information of the Sino Light Group

Consolidated statements of comprehensive income of the Sino Light Group

The following are summaries of the audited results of the Sino Light Group for the three years ended 31 December 2009 and the six months ended 30 June 2010 based on the accountants' report on the Sino Light Group as set out in Appendix II to the Circular:

	Years ended 31 December			**Six months ended 30 June**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000 *(audited)*	*RMB'000* *(audited)*	*RMB'000* *(audited)*	*RMB'000* *(unaudited)*	*RMB'000* *(audited)*
Turnover	–	32,064	202,197	29,005	406,826
Gross (loss)/profit	–	(7,911)	8,054	(20,271)	61,806
(Loss)/Profit before tax	(1,410)	(15,718)	2,769	(23,912)	48,389
Income tax benefit/ (expenses)	–	(5,532)	6,962	–	(11,947)
(Loss)/Profit for the year/period	(1,410)	(21,250)	9,731	(23,912)	36,442

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 the year ended 31 December 2007.

For the year ended 31 December 2008, part of the production plants of the Sino Light Group had commenced operations and recorded turnover of approximately RMB32.1 million for the year ended 31 December 2008, which was generated from the sales of its silicon solar cells. Since the scale of operation of the Sino Light Group was still small and has yet to enjoy economies of scale in its production, turnover was not sufficient to cover the cost of sales arriving from the manufacturing of silicon solar cells, administrative expenses and finance costs. Accordingly, the Sino Light Group recorded net loss of approximately RMB21.3 million for the year ended 31 December 2008.

For the year ended 31 December 2009, turnover of the Sino Light Group increased by approximately 5.3 times to approximately RMB202.2 million as compared to the year ended 31 December 2008 of approximately RMB32.1 million given the enhanced utilisation rate of the newly installed production capacity which resulted in a significant increase in production and sales volume. The gross profit of the Sino Light Group was approximately RMB8.1 million for the year ended 31 December 2009, as compared to gross loss of approximately RMB7.9 million for the year ended 31 December 2008. The improvement in the gross profit of the Sino Light Group was mainly due to the enhanced utilisation of the production capacity of the Sino Light Group which achieved economies of scale and reduced the per unit cost of production. As a result, the Sino Light Group turned around from net loss of approximately RMB21.3 million for the year ended 31 December 2008 to net profit of approximately RMB9.7 million for the year ended 31 December 2009.

During the six months ended 30 June 2010, turnover of the Sino Light Group increased by approximately 13.0 times to approximately RMB406.8 million as compared to the same for the six months ended 30 June 2009 of approximately RMB29.0 million. The improvement was mainly due to (i) increase in demand for products of the Sino Light Group as a result of market recovery; and (ii) the expanded production capacity from 25 megawatts to 100 megawatts upon completion of three additional production lines gradually from September to November 2009, and the full utilisation of the Sino Light Group's completed production capacity since the second half of 2009 which had enabled the Sino Light Group to raise production volume to meet increased demand. Gross profit of the Sino Light Group was approximately RMB61.8 million for the six months ended 30 June 2010 as compared to gross loss 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.

Consolidated balance sheets of the Sino Light Group

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	**30 June 2010**
	RMB'000	*RMB'000*
	(audited)	*(audited)*
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 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 accelerate its downstream business developments in the photovoltaic industry. The Acquisition will also enable the Group to secure a reliable source of monocrystalline silicon solar cells for its photovoltaic module business and improve the operational efficiency of the Group. Moreover, the Acquisition is expected to bring synergy between the business of the Sino Light Group and the Group's existing business of wafer and ingot manufacturing, which will benefit the Group in the long run. In addition, as set out in the letter from the Board, the Acquisition will also enable the Group to further diversify its source of turnover and broaden its opportunities to cooperate with well-established enterprises along the photovoltaic value chain.

Despite the entering into of the Second S&P Agreement is not in the ordinary and usual course of business of the Group, having considered that the Acquisition (i) provides an opportunity for the Group to accelerate its downstream business developments which is in line with the Group's development strategy; and (ii) secures reliable source of monocrystalline silicon solar cells for its photovoltaic module business which would improve the operational efficiency of the Group, we concur with the Directors' view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

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	P/E Ratio	P/B Ratio
		(HK$ million) *(note 1)*	*(times)* *(note 2)*	*(times)* *(note 3)*
Listed on the stock exchange in the PRC				
Zhejiang Sunflower Light Company Limited	PRC	13,837.8	93.1	7.4
Shenzhen Topraysolar Company Limited	PRC	8,243.5	204.2	9.3
Listed on the stock exchange in Taiwan				
E-ton Solar Tech. Co., Ltd.	Taiwan	2,632.9	N/A	1.2
Gintech Energy Corporation	Taiwan	7,046.5	313.3	1.7
Motech Industries Incorporation	Taiwan	11,069.5	255.7	1.9
Neo Solar Power Corporation	Taiwan	5,454.0	N/A	1.3
Delsolar Company Limited	Taiwan	3,964.4	N/A	1.5
BIGSUN Energy Technology Incorporation	Taiwan	628.3	N/A	1.1
Ligitek Photovoltaic Company Limited	Taiwan	152.1	N/A	1.7
		Max	**313.3**	**9.3**
		Min	**93.1**	**1.1**
		Mean	**216.6**	**3.0**
		Median	**229.9**	**1.7**
The Sino Light Group *(note 4)*	**HK$835.2**		**74.0**	**6.36**

Source: Bloomberg and financial reports of the Comparable Companies

Notes:

(1) Market capitalisation and closing price as at the Latest Practicable Date translated from local currencies to HK$ based on the relevant exchange rates at the Latest Practicable Date;

(2) P/E Ratio is calculated based on the earnings per shares as disclosed in the latest published annual financial statements of the Comparable Companies;

(3) P/B Ratio is calculated based on the net asset value per share as disclosed in the latest published balance sheet of the Comparable Companies;

(4) The P/E and P/B Ratios represented by the Consideration is calculated based on the audited consolidated net profit of the Sino Light Group for the year ended 31 December 2009 of approximately RMB9.7 million (equivalent to approximately HK$11.3 million) and the audited net assets of the Sino Light Group as at 30 June 2010 of approximately RMB112.9 million (equivalent to approximately HK$131.3 million.

As shown in the table above, the P/E Ratios of the Taiwan Comparables are higher than that of the PRC Comparables and the P/B Ratios of the PRC Comparables are higher than that of the Taiwan Comparables. It should be noted that the Comparable Companies with operation in Taiwan may not be directly comparable to the Sino Light Group and the PRC Comparable and different stock markets may have different ratings for companies engaged in the same industry.

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; and (ii) 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 and within the range of the corresponding ratios for all the Comparable Companies, in particular the P/E Ratio is below the mean and median of the Comparable Companies, we are of the opinion that the Consideration is fair and reasonable.

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.

(i) Principal terms of the Convertible Bonds

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.

(ii) Analysis of the Conversion Price

Comparison of the Conversion Price to market price

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;

(iii) a premium of approximately 6.19% to the average of the closing prices as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$1.808 per Share;

(iv) a premium of approximately 6.02% to the average of the closing prices as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK$1.811 per Share; and

(v) a premium of approximately 112.80% to the unaudited consolidated net asset value attributable to equity holders of the Company per Share of approximately HK$0.902 as at 30 June 2010.

Analysis of past performance of the Shares

(1) Share price performance

The chart set forth below shows the closing price of the Shares traded on the Stock Exchange since 1 April 2009 (approximately 18 months prior to the entering into of the Second S&P Agreement) up to and including the Latest Practicable Date (the "**Review Period**"):

Source: Bloomberg

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 depositary 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 from HK$1.81 on 17 March 2010 to HK$1.73 on 18 March 2010, representing a drop of approximately 4.4%. The Share price then continued its downward trend and dropped to the lowest point during the Review Period of HK$1.14 on 25 May 2010.

Since 25 May 2010, the Share price was then traded on an upward trend and closed at HK$1.81 on 8 November 2010, the last trading date before the release of the Announcement.

Following the release of the Announcement before the trading hour on 9 November 2010, the Share price increased from HK$1.81 to HK$1.91 on 9 November 2010 and was then traded in the range of HK$1.73 to HK$1.98 up to the Latest Practicable Date.

(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) *(Note 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 *(Note 2)*	% of average daily trading volume of the Shares to average public float *(Note 3)*
2009				
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%
2010				
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 *(Note 4)*	59.304	7.413	0.41%	1.05%

Notes:

(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.

Comparison with other issues of convertible bonds/notes

In assessing the reasonableness of the terms of the Convertible Bonds, we have identified, to the best of our knowledge, from the website of the Stock Exchange and reviewed for reference purpose the terms of other two-year term convertible bonds/notes (the "**Two-year CB Comparables**") since 1 January 2010 and up to 8 November 2010, being the date of the Second S&P Agreement. The Two-year CB Comparables are either issued for (i) settlement of consideration for acquisitions; or (ii) fund raising. Given the issuers of the Two-year CB Comparables generally raised fund for their business development (including through mergers and acquisitions) and operation through the issuance of convertible notes, we consider that the purposes of the 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	Principal amount	Maturity	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
		(HK$ million) *(Note 1)*	*(HK$ million)*	*(Year)*	*(%)*	*(%)*	*(%)*	*(%)* *(Note 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)	1,198.1	30.0	2	6.25 *(note 3)*	100.0	4.25	1.79
25 Mar-10	SMI Corporation Limited (198)	2,881.1	744.0	2	0.25	100.0	0.17	(11.90)
7 Apr-10	Ruyan Group (Holdings) Limited (329)	173.6	250.0	2	0.00	100.0	0.00	(64.29)
16 Apr-10	China Daye Non-Ferrous Metals Mining (661)	2,851.5	220.0	2	1.0	100.0	0.67	1.31
3 Jun-10	Tianyi Fruit Holdings Limited (756)	2,786.8	171.2	2	0.0	110.0	3.23	(4.76)
3 Jun-10	Continental Holdings Limited (513)	572.5	139.8	2	0.0	100.0	0.00	13.5
4 Jun-10	Wo Kee Hong (Holdings) Limited (720)	488.2	25.0	2	4.0	100.0	2.70	0.00
2 Jul-10	Nam Hing Holdings Limited (986)	143.0	200.0	2	0.0	100.0	0.00	N/A *(note 4)*
6 Jul-10	Sau San Tong Holdings Limited (8200)	212.5	40.0	2	2.0	100.0	1.34	(72.22)
21 Jul-10	Inno-Tech Holdings Limited (8202)	455.5	25.6	2	0.0	100.0	0.00	(15.34)
25 Jul-10	Hong Kong Resources Holdings Co Ltd (2882)	1,949.4	138.0	2	5.0	100.0	3.39	22.48
9 Aug-10	Freeman Corporation Limited (279)	886.2	275.0	2	0.0	100.0	0.00	(12.70)
13 Aug-10	China Water Industry Group Limited (1129)	451.4	337.0	2	0.25	121.0	6.72	14.50
28 Aug-10	Haier Electronics Group Co Limited (1169)	15,965.0	786.6	2	0.0	100.0	0.00	12.20
16 Sept-10	Interchina Holdings Company Limited (202)	4,253.3	495.0	2	5.0	100.0	3.39	1.12
20 Sept-10	China Properties Investment Holdings Limited (736)	70.2	100.0	2	0.0	100.0	0.00	N/A *(note 4)*
	Median				**0.25**		**0.67**	**(1.64)**
	Average				**1.60**		**1.62**	**(7.95)**
	Maximum				**6.25**		**6.72**	**22.48}**
	Minimum				**0**		**0**	**(72.22)**
	The Convertible Bonds		**835.2**	**2**	**0**	**100**	**0**	**6.08**

Source: Bloomberg and announcements and circulars of the respective companies

Notes:

(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) Financial effects of the Acquisition to the Group

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) Earnings

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) Net asset value

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) Gearing and working capital

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.

(ii) Dilution of existing public Shareholders' holdings

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** *(Note 1)*		**Assuming all outstanding share options granted under the Share Option Scheme have been exercised** *(Note 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**
	Total	**1,807,170,425**	**100.00**	**2,242,170,425**	**100.00**	**2,263,264,588**	**100.00**

Notes:

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**
Managing Director	*Deputy Managing Director*

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). Please also see below quick link to the Annual Report 2009 of the Company:

http://www.hkexnews.hk/listedco/listconews/sehk/20100415/LTN20100415430.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2008 have been set out on pages 65 to 140 of the Annual Report 2008 of the Company, which was published on 29 April 2009 on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.solargiga.com). Please also see below quick link to the Annual Report 2008 of the Company:

http://www.hkexnews.hk/listedco/listconews/sehk/20090429/LTN20090429275.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2007 have been set out on pages 66 to 136 of the Annual Report 2007 of the Company, which was published on 29 April 2008 on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.solargiga.com). Please also see below quick link to the Annual Report 2007 of the Company:

http://www.hkexnews.hk/listedco/listconews/sehk/20080429/LTN20080429439.pdf

2. UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2010 have been set out on pages 25 to 48 of the Interim Report 2010 of the Company, which was published on 10 September 2010 on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.solargiga.com). Please also see below quick link to the Interim Report 2010 of the Company:

http://www.hkexnews.hk/listedco/listconews/sehk/20100910/LTN20100910122.pdf

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Enlarged Group and its internally generated funds, the Enlarged Group shall have sufficient working capital for at least 12 months from the Latest Practicable Date in the absence of unforeseen circumstances.

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 silicon solar ingots and wafers; (ii) processing of silicon solar ingots and wafers; (iii) upgrading and trading of polysilicon; (iv) production and sales of monocrystalline and multicrystalline photovoltaic modules; and (v) design and installation of photovoltaic systems.

The global economy has since 2010 experienced gradual recovery from the trough of the global financial crisis. Prices of upstream raw materials and downstream products have been relatively stable and market demand for photovoltaic products has been increasing, which have enabled the photovoltaic industry to head towards healthy and rapid development. In response to changes in market demands, management of the Company has effectively and efficiently adjusted the direction and pace of its development strategies as well as its product portfolio, including the expansion of production capacity of monocrystalline silicon solar ingots in which the Group excels other industry players in terms of technology, commencement of production of multicrystalline products to achieve horizontal expansion, and participation in the downstream photovoltaic modules production to achieve vertical integration. The Group is also committed to improving its research and development capabilities in order to maintain its leading position in the industry. Efforts of the Group have been paid off as witnessed by the significant improvement in the Group's operating performance and the turnaround in the Group's profitability for the six months ended 30 June 2010.

Going forward, the Group will continue its efforts in (i) enhancing its production capacity and technology and optimising its production efficiency; (ii) accelerating its downstream business and maximising synergies; and (iii) exploring overseas markets and diversifying its source of revenue. As disclosed in the "Letter from the Board" contained in this circular, upon completion of the Acquisition, Sino Light, You Xin and HPT will become wholly owned subsidiaries of the Company. The Directors are of the view that the Acquisition will enable the Group to accelerate its intended downstream business developments in the photovoltaic industry and achieve synergies between the new business and the Group's existing business of wafer and ingot manufacturing. The Acquisition will also enable the Group to secure a reliable source of silicon solar cells for its module business and improve the operational efficiency of the Group. It is expected that the Acquisition will allow the Group to further diversify its source of revenue and broaden its opportunities to cooperate with well-established enterprises along the photovoltaic value chain.

In view of the above and taking into account the technological development in the solar energy industry as well as the increase in global awareness of environmental protection in recent years, the Directors believe that the prospect of the solar energy industry is promising.

The following is the text of an accountants' report on the Sino Light Group received from KPMG, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

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

15 December 2010

The Directors
Solargiga Energy Holdings Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to Sino Light Investments Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 (the "Relevant Period") and the consolidated balance sheets of the Group as at 31 December 2007, 2008 and 2009 and 30 June 2010, together with notes thereto (the "Financial Information"), for inclusion in the circular of Solargiga Energy Holdings Limited dated 15 December 2010 (the "Circular").

The Company was incorporated in the British Virgin Islands on 2 December 2009, registered as a limited liability company. Pursuant to a group reorganisation (the "Reorganisation") as detailed in the subsection headed "Information on the Sino Light Group" in the section headed "Letter from the Board" to the Circular, the Company has become the holding company of the subsidiaries now comprising the Group, details of which are set out in section A below.

No audited financial statements have been prepared for the Company and You Xin Investment Limited (佑鑫投資有限公司)("You Xin") as at the date of this report and for Jinzhou Huachang Photovoltaic Real Estate Development Company Limited (錦州華昌光伏房地產開發有限公司) ("Huachang Real Estate") up to the date of disposal, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

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責任公司).

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 HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2010.

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, which was subsequently waived by the shareholder on 30 December 2009.

As a result of the above transactions, the Company holds indirectly the entire equity interest in Jinzhou Huachang. Since both the Company and You Xin are investment holding companies which do not carry out any business nor operation, and were established solely to effect the Reorganisation, in substance no business combination has occurred as a result of the Reorganisation. Accordingly, the Financial Information has been prepared as a continuation of Jinzhou Huachang and the assets and liabilities of Jinzhou Huachang are recognised and measured at their historical carrying values prior to the Reorganisation.

The Company had direct or indirect interests in the following subsidiaries during the Relevant Period, all of which are private companies. The particulars of the subsidiaries are set out below:

Name of company	Place and date of establishment/ incorporation and operation	Registered capital/ issued share capital	Percentage of attributable equity interest 31 December 2007	2008	2009	30 June 2010	Principal activities
Indirectly held:							
Jinzhou Huachang	The PRC 19 October 2006	RMB130,000,000	100%	100%	100%	100%	Manufacturing and sales of silicon solar cells
Huachang Real Estate*	The PRC 10 January 2008	RMB8,000,000	–	100%	–	–	Real estate development
Directly held:							
You Xin	Hong Kong 29 July 2009	HK$100,000	–	–	100%	100%	Investment holding

* Huachang Real Estate was disposed of to a related party in December 2009 (see Section B note 28).

B FINANCIAL INFORMATION

1 Consolidated statements of comprehensive income

	Section B Note	Years ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*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

	Section B Note	At 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	At 30 June 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
		51,512	185,985	236,307	245,360
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
		53,880	146,637	275,346	260,324
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
		34,668	249,954	199,533	133,981
Net current assets/(liabilities)		19,212	(103,317)	75,813	126,343
Total assets less current liabilities		70,724	82,668	312,120	371,703
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
		2,175	35,369	254,934	258,822
Net assets		68,549	47,299	57,186	112,881
Capital and reserves	24				
Capital		70,000	70,000	257	292
Reserves		(1,451)	(22,701)	56,929	112,589
Total equity		68,549	47,299	57,186	112,881

The accompanying notes form part of the Financial Information.

3 Consolidated statements of changes in equity

	Section B Note	**Capital**	**Share premium**	**General reserve fund**	**Other reserve**	**(Accumulated losses)/ retained earnings**	**Total Equity**
		RMB'000	*RMB'000 (Note 24(b)(i))*	*RMB'000 (Note 24(b)(ii))*	*RMB'000 (Note 24(b)(iv))*	*RMB'000*	*RMB'000*
At 1 January 2007		24,400	–	–	–	(41)	24,359
Capital injection	*24(a)(ii)*	45,600	–	–	–	–	45,600
Total comprehensive income for the year		–	–	–	–	(1,410)	(1,410)
At 31 December 2007		70,000	–	–	–	(1,451)	68,549
At 1 January 2008		70,000	–	–	–	(1,451)	68,549
Total comprehensive income for the year		–	–	–	–	(21,250)	(21,250)
Transfer to general reserve fund		–	–	132	–	(132)	–
At 31 December 2008		70,000	–	132	–	(22,833)	47,299

The accompanying notes form part of the Financial Information.

	Section B Note	**Capital** *RMB'000*	**Share premium** *RMB'000 (Note 24(b)(i))*	**General reserve fund** *RMB'000 (Note 24(b)(ii))*	**Capital reserve** *RMB'000 (Note 24(b)(iii))*	**Other reserve** *RMB'000 (Note 24(b)(iv))*	**(Accumulated losses)/ retained earnings** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2009		70,000	–	132	–	–	(22,833)	47,299
Shares issued on incorporation	*24(a)(iii)*	68	–	–	–	–	–	68
Shares issued for acquisition of You Xin	*24(a)(iv)*	68	20	–	–	–	–	88
Elimination of paid-in capital on Reorganisation	*24(a)(v)*	(70,000)	–	–	–	(2,127)	–	(72,127)
Shares issued for acquisition of Jinzhou Huachang	*24(a)(vii)*	121	33,779	–	–	–	–	33,900
Capitalisation of shareholder's loan		–	–	–	38,227	–	–	38,227
Total comprehensive income for the year		–	–	–	–	–	9,731	9,731
Transfer to general reserve fund		–	–	1,644	–	–	(1,644)	–
At 31 December 2009		257	33,799	1,776	38,227	(2,127)	(14,746)	57,186
At 1 January 2010		257	33,799	1,776	38,227	(2,127)	(14,746)	57,186
Extinguishment of liabilities	*24(a)(x)*	35	19,218	–	–	–	–	19,253
Total comprehensive income for the period		–	–	–	–	–	36,442	36,442
At 30 June 2010		292	53,017	1,776	38,227	(2,127)	21,696	112,881
At 1 January 2009		70,000	–	132	–	–	(22,833)	47,299
Total comprehensive income for the period (unaudited)		–	–	–	–	–	(23,912)	(23,912)
At 30 June 2009 (unaudited)		70,000	–	132	–	–	(46,745)	23,387

The accompanying notes form part of the Financial Information.

4 Consolidated cash flow statements

	Section B Note	Years ended 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	Six months ended 30 June 2009 RMB'000 (unaudited)	2010 RMB'000
Operating activities						
(Loss)/profit before taxation		(1,410)	(15,718)	2,769	(23,912)	48,389
Adjustments for:						
– Depreciation and amortisation		71	1,733	7,257	2,215	8,460
– Gain on disposal of property, plant and equipment		–	–	(112)	–	–
– Gain on disposal of a subsidiary		–	–	(6,033)	–	–
– Write-down of inventories		–	7,889	495	8,525	1,071
– Finance costs		1,149	9,159	10,404	5,059	10,274
– Government grants		–	(1,536)	(2,158)	(1,080)	(1,172)
– Interest income from bank deposits		–	(1,924)	(470)	(334)	(319)
Operating (loss)/profit before changes in working capital		(190)	(397)	12,152	(9,527)	66,703
(Increase)/decrease in inventories		–	(77,969)	(60,521)	(66,911)	39,442
(Increase)/decrease in trade and other receivables		(27,715)	2,224	(52,720)	711	(12,711)
Increase/(decrease) in trade and other payables		–	49,828	104,229	72,512	(53,506)
Increase/(decrease) in deferred income		2,085	27,916	39,565	25,697	–
Cash (used in)/ generated from operations		(25,820)	1,602	42,705	22,482	39,928
PRC Corporate Income Tax paid		–	–	–	–	(1,816)
Net cash (used in)/ generated from operating activities		(25,820)	1,602	42,705	22,482	38,112

	Section B Note	Years ended 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	Six months ended 30 June 2009 RMB'000 (unaudited)	2010 RMB'000
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 from a related company		–	–	(6,420)	–	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
Net cash generated from financing activities		59,425	147,728	43,418	46,712	10,665
Net increase in cash and cash equivalents		1,774	18,007	16,758	9,320	39,437
Cash and cash equivalents at 1 January		16,064	17,838	35,845	35,845	52,603
Cash and cash equivalents at 31 December/30 June		17,838	35,845	52,603	45,165	92,040

The accompanying notes form part of the Financial Information.

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) Statement of compliance

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 preparation of the Financial Information

(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) Subsidiaries

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.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (note 2(g)(ii)).

(d) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheets at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)):

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(f)); and

– other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportions of production overheads and borrowing costs (see note 2(r)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Plant and machinery: 10 years

– Other fixed assets: 5 years

When parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Construction in progress

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.

(f) Leased assets

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.

(g) Impairment of assets

(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 calcualted 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.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash flows independently (i.e. a cash generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– 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 been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Solar cell products

Cost of inventories is calculated using the weighted average formula and comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Leasehold land held for development for sales

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market condition.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(g)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(k) Trade and other payables

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.

(l) Cash and cash equivalents

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.

(m) Employee benefits

(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.

(n) Income tax

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 can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investment in a subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

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 accept 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.

(q) Translation of foreign currencies

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.

(r) Borrowing costs

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 of 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.

(s) Research and development expenses

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

(t) Related parties

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.

(u) Segment reporting

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* (unaudited)	*RMB'000*
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	–	–	–

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* (unaudited)	*RMB'000*
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
	–	3,460	3,112	1,414	2,749

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	–	–
	(98)	956	8,464	1,980	(650)

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

	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
	1,175	12,118	17,043	8,288	10,530
Less: interest expenses capitalised into construction in progress*	(26)	(2,959)	(6,639)	(3,229)	(256)
	1,149	9,159	10,404	5,059	10,274

* *Borrowing costs were capitalised at the average interest rates of 7.18%, 7,47%, 7.49%, 7.49% (unaudited) and 7.49% for the years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2009 and 2010, respectively.*

	Years ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(b) Staff costs:					
Contribution to defined contribution retirement plans	–	74	670	164	774
Salaries, wages and other benefits	–	1,677	5,452	1,631	5,390
	–	1,751	6,122	1,795	6,164

	Years ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(c) Other items:					
Auditors' remuneration	–	9	51	3	–
Amortisation of lease prepayments	68	404	404	202	202
Depreciation	3	1,329	6,853	2,013	8,258
Research and development expenses	–	1,100	87	–	–
Rentals receivable from buildings leased out under operating lease less direct outgoings of RMBNil (2009: RMBNil)	–	–	(397)	–	(477)
Cost of inventories	–	39,975	194,143	49,276	345,020

7 Income tax

(a) Taxation in the consolidated statements of comprehensive income represents:

	Years ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*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 between tax expense/(benefit) and accounting (loss)/profit at applicable tax rates:

	Years ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before taxation	(1,410)	(15,718)	2,769	(23,912)	48,389
Notional tax on (loss)/profit before taxation *(note 7(b)(i))*	(465)	(3,930)	692	(5,978)	12,097
Non-PRC entity not subject to income tax *(note 7(b)(ii))*	–	–	–	–	635
Effect of tax rate differential *(note 7(b)(iii))*	233	2,611	(2,840)	1,493	640
Tax concessions *(note 7(b)(iv))*	–	(219)	(2,740)	–	(6,485)
PRC dividend withholding tax *(note 7(b)(v))*	–	74	1,060	–	5,060
Recognition of deferred tax assets previously not recognised	–	–	(3,134)	–	–
Tax effect of deferred tax assets not recognised	232	6,996	–	4,485	–
Actual income tax expense/(benefit)	–	5,532	(6,962)	–	11,947

(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.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Six months ended 30 June 2010		
	Basic salaries, allowance and other benefits	Retirement plan contributions	Total
	RMB'000	*RMB'000*	*RMB'000*
Zhao Xiuqin	60	5	65

Apart from Zhao Xiuqin who received remuneration during the six months ended 30 June 2010, all other directors did not receive any remuneration throughout the Relevant Period.

No director of the companies comprising the Group has waived or agreed to waive any remuneration during the Relevant Period.

11 Individuals with the highest emoluments

The five highest paid individuals of the Group include one director during the six months ended 30 June 2010, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Basic salaries, allowances and benefits	–	131	224	98	128
Contributions to defined contribution retirement plans	–	10	31	12	18
	–	141	255	110	146

The emoluments of the remaining individuals with the highest emoluments are within the following band:

	Years ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Nil to RMB1,000,000	–	5	5	5	4

During the Relevant Period, no emoluments were paid by the Group to any of the directors or the five highest-paid individuals as an incentive to join or upon joining the Group or as compensation for loss of office.

12 Segment reporting

The Group manages its business by business operations. The segment reporting is in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. For the year ended 31 December 2007, the Group has only one operating segment, i.e. monocrystalline silicon solar cell manufacturing and trading. Upon the establishment of Huachang Real Estate in 2008, the Group had another operating segment, i.e. real estate development, which was disposed of in December 2009.

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segments which are presented in the same way in the Group's Financial Information. As such, segment information for the year ended 31 December 2007 and for the six months ended 30 June 2010 is the same as the consolidated financial information as the Group had only one operating segment. Information regarding the Group's reportable segments for the Relevant Period are disclosed as follows:

	Monocrystalline silicon solar cells *RMB'000*
Year ended 31 December 2007	
Turnover	–
Cost of sales	–
Gross loss	–
Other revenue	–
Other net income	(98)
Selling and distribution expenses	–
Administrative expenses	(163)
Loss from operations	(261)
Finance costs	(1,149)
Loss before taxation	(1,410)
Income tax benefit	–
Loss for the year	(1,410)
Interest income from bank deposits	–
Interest expense	1,149
Depreciation and amortisation for the year	–

	Monocrystalline silicon solar cells *RMB'000*
At 31 December 2007	
Segment assets	105,392
Segment liabilities	36,843

12 Segment reporting

	Monocrystalline silicon solar cells *RMB'000*	Real estate development *RMB'000*	Total *RMB'000*
Year ended 31 December 2008			
Turnover	32,064	–	32,064
Cost of sales	(39,975)	–	(39,975)
Gross loss	(7,911)	–	(7,911)
Other revenue	3,445	15	3,460
Other net income	956	–	956
Selling and distribution expenses	–	–	–
Administrative expenses	(2,931)	(133)	(3,064)
Loss from operations	(6,441)	(118)	(6,559)
Finance costs	(9,159)	–	(9,159)
Loss before taxation	(15,600)	(118)	(15,718)
Income tax expense	(74)	(5,458)	(5,532)
Loss for the year	(15,674)	(5,576)	(21,250)
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*
At 31 December 2008				
Segment assets	310,856	42,916	(21,150)	332,622
Segment liabilities	257,981	40,492	(13,150)	285,323

	Monocrystalline silicon solar cells	Real estate development	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2009			
Turnover	202,197	–	202,197
Cost of sales	(194,143)	–	(194,143)
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	(5,700)	(485)	(6,185)
Profit/(loss) from operations	13,630	(457)	13,173
Finance costs	(10,404)	–	(10,404)
Profit/loss before taxation	3,226	(457)	2,769
Income tax benefit	6,962	–	6,962
Profit/(loss) for the year	10,188	(457)	9,731
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	Real estate development	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2009				
Segment assets	511,653	–	–	511,653
Segment liabilities	454,467	–	–	454,467

	Monocrystalline silicon solar cells *RMB'000* (unaudited)	Real estate development *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Six months ended 30 June 2009			
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	(23,670)	(242)	(23,912)
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*
Six months ended 30 June 2010	
Turnover	406,826
Cost of sales	(345,020)
Gross loss	61,806
Other revenue	2,749
Other net loss	(650)
Selling and distribution expenses	(274)
Administrative expenses	(4,968)
Loss from operations	58,663
Finance costs	(10,274)
Profit before taxation	48,389
Income tax expense	(11,947)
Profit for the year	36,442
Interest income from bank deposits	319
Interest expense	10,274
Depreciation and amortisation for the year	8,460

	Monocrystalline silicon solar cells
	RMB'000
At 30 June 2010	
Segment assets	505,684
Segment liabilities	392,803

As the Group's operations and customers are mainly in the PRC, no geographical information has been presented.

13 Property, plant and equipment

	Construction-in-progress	Buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2007	58	–	–	–	–	58
Additions	434	–	–	130	–	564
At 31 December 2007	492	–	–	130	–	622
Accumulated depreciation:						
At 1 January 2007	–	–	–	–	–	–
Charge for the year	–	–	–	3	–	3
At 31 December 2007	–	–	–	3	–	3
Net book value:						
At 31 December 2007	492	–	–	127	–	619
Cost:						
At 1 January 2008	492	–	–	130	–	622
Additions	96,257	–	471	3,318	927	100,973
Transfer	(27,265)	–	27,265	–	–	–
At 31 December 2008	69,484	–	27,736	3,448	927	101,595
Accumulated depreciation:						
At 1 January 2008	–	–	–	3	–	3
Charge for the year	–	–	1,000	267	62	1,329
At 31 December 2008	–	–	1,000	270	62	1,332
Net book value:						
At 31 December 2008	69,484	–	26,736	3,178	865	100,263

	Construction-in-progress	Buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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)
At 31 December 2009	11,162	25,703	162,202	3,786	1,259	204,112
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)
At 31 December 2009	–	1,004	5,711	1,069	275	8,059
Net book value:						
At 31 December 2009	11,162	24,699	156,491	2,717	984	196,053
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	–	–	–
At 30 June 2010	12,568	34,691	162,804	4,588	1,340	215,991
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
At 30 June 2010	–	1,376	12,968	1,526	447	16,317
Net book value:						
At 30 June 2010	12,568	33,315	149,836	3,062	893	199,674

(a) The analysis of net book value of properties is as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC				
– Medium-term leases	19,600	19,196	43,491	51,905
Representing:				
Buildings	–	–	24,699	33,315
Lease prepayments *(note 14)*	19,600	19,196	18,792	18,590
	19,600	19,196	43,491	51,905

(b) The Group has yet to obtain property ownership certificates for buildings with an aggregate net book value of RMB24,699,000 and RMB33,315,000, as at 31 December 2009 and 30 June 2010, respectively. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2009 and 30 June 2010.

(c) The Group leases out a limited portion of the buildings under an operating lease. The lease runs for a period of one year, with an option to renew the lease upon expiry at which time all terms will be renegotiated. The lease does not include contingent rentals.

The Group's total future minimum lease payment under the non-cancellable operating lease is receivable as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	–	–	477	–

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 in the balance sheets comprise:

	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

(b) *The analysis of the amount of inventories recognised as an expense is as follows:*

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	–	32,086	193,648	343,949
Write-down of inventories	–	7,889	495	1,071
	–	39,975	194,143	345,020

(c) *The analysis of carrying value of leasehold land held for development for sale is as follows:*

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC under medium term lease	–	35,860	–	–

16 Trade and other receivables

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors and bills receivable *(note 16(a))*	–	–	57,482	93,159
Prepayments for raw materials *(note 16(b))*	–	23,003	6,970	4,934
Deposits and other receivables *(note 16(c))*	36,042	17,555	36,008	658
Due from shareholders	–	–	28,317	68
	36,042	40,558	128,777	98,819

All the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Included in trade debtors and bills receivable are aggregate amounts due from related parties of Nil, Nil, RMB133,000 and RMB56,653,000 as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively (note 28(c)).

(b) Included in prepayments for raw materials are prepayments made to related parties of Nil, RMB20,000,000, Nil and Nil as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively (note 28(c)).

(c) Included in deposits and other receivables are receivables from related parties of Nil, Nil, RMB14,420,000 and Nil as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively (note 28(c)).

(d) 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
	–	–	57,482	93,159

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).

(e) *Impairment of trade debtors and bills receivable*

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.

(f) *Trade debtors and bills receivable that are not impaired*

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
Less than 1 month past due	–	–	8,327	15,108
1 to 3 months past due	–	–	–	35,733
	–	–	8,327	50,841
	–	–	57,482	93,159

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

Receivables that were past due but not impaired relate to a number of individual customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

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 RMB90,982,000 as at 31 December 2007, 2008 and 2009 and 30 June 2010 is denominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

The effective annual interest rate for deposits with banks was 0.85%, 0.36%, 0.84%, and 0.96% per annum as at 31 December 2007, 2008 and 2009 and 30 June 2010, respectively.

19 Trade and other payables

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(note 19(a))*	–	9,672	98,017	77,820
Other payables and accrued expenses *(note 19(b))*	19,668	59,824	41,516	8,207
Other financial liabilities at amortised cost *(note 19(c))*	–	–	60,000	43,285
	19,668	69,496	199,533	129,312

All of the trade and other payables are expected to be settled within one year.

(a) The ageing analysis of trade payables as of balance sheet dates by 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	–	9,454	14,532	75,266
Over 1 months but within 3 months	–	40	68,098	2,054
Over 3 months but within 6 months	–	50	5,698	38
Over 6 months but within 1 year	–	128	8,736	123
Over 1 year but within 2 years	–	–	953	339
	–	9,672	98,017	77,820

Included in trade payables are amounts due to related parties of Nil, Nil, RMB88,094,000, and RMB35,420,000 as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively (note 28(d)).

(b) Included in other payables and accrued expenses are receipts in advance from a related party of Nil, Nil, RMB100,000 and Nil as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively (note 28(d)).

(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.

Notes:

(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 *(note 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 *(note 24(a)(x))*	(5,034,780)	(19,253)
At 30 June 2010	11,117,633	43,285

20 Bank loans

(a) *The analysis of the carrying amount of interest-bearing borrowings is as follows:*

	At 31 December			**At 30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured bank loans	15,000	175,000	210,000	210,000

(b) *At each balance sheet date, the bank loans were repayable as follows:*

	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	–	–	210,000	210,000
	15,000	175,000	210,000	210,000

21 Income tax in the consolidated balance sheets

(a) Current tax payable in the consolidated balance sheets represents:

	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)
	–	5,458	–	4,669

(b) Deferred tax assets/(liabilities) recognised:

(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	9,589	(2,178)	(6,194)	134	75	1,426

(ii) Reconciliation to the consolidated balance sheets

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

(c) Deferred tax assets not recognised:

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 (unaudited) and RMB1,172,000 have been recognised in profit or loss for the years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2009 and 2010, respectively.

Except for government grants amounting to RMB2,175,000, RMB22,990,000, RMB13,627,000 and RMB13,627,000 as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively, which are subject to conditions in respect of the construction of certain property, plant and equipment, there are no unfulfilled conditions or contingencies relating to government grants recognised as deferred income at each balance sheet date.

23 Retirement benefit schemes

Employees of the Group are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments. The Group was required to make contributions to the schemes at 20% of the employees' salaries for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the schemes beyond the contributions described above.

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) Capital

(i) Paid-in capital in the consolidated balance sheets as at 31 December 2007 and 2008 represents the paid-in capital of Jinzhou Huachang. The issued share capital in the consolidated balance sheets as at 31 December 2009 and 30 June 2010 represents the issued share capital of the Company comprising 35,052,968 and 40,087,748 Class A ordinary shares, respectively, of US$0.001 each (equivalent to RMB0.0068) and 18,835,293 and 13,800,513 Class B ordinary shares, respectively, of US$0.001 each (equivalent to RMB0.0068).

The rights of the holders of Class B ordinary shares are equivalent to Class A ordinary shares. For the 16,152,413 Class B ordinary shares issued during the year ended 31 December 2009, a puttable option is attached under which the holders of these shares may request the Company to re-purchase their shares at their initial contributions plus accrued interest upon the occurrence of certain events. Based on their terms and conditions, these Class B ordinary shares have been presented as financial liabilities in the balance sheet. Further details of these terms are set out in note 19(c).

Movements of authorised and issued share capital of the Company since its incorporation are as follows:

		Class A			Class B			Total	
	Note	Number of ordinary shares	Nominal value of ordinary shares *US$'000*	Nominal value of ordinary shares *RMB'000*	Number of ordinary shares	Nominal value of ordinary shares *US$'000*	Nominal value of ordinary shares *RMB'000*	Number of ordinary shares	Nominal value of ordinary shares *RMB'000*
Authorised:									
Ordinary shares of US$1 each upon incorporation		50,000	50	340	–	–	–	50,000	340
Increase in authorised share capital	*24(a)(vi)*	450,000	450	3,060	–	–	–	450,000	3,060
Sub-division of shares of US$0.001 each	*24(a)(vi)*	499,500,000	–	–	–	–	–	499,500,000	–
Re-designation of shares	*24(a)(viii)*	(18,835,293)	(19)	(129)	18,835,293	19	129	–	–
At 31 December 2009/ 1 January and 30 June 2010		481,164,707	481	3,271	18,835,293	19	129	500,000,000	3,400
Issued and fully paid:									
Issuance of ordinary shares of US$1 each upon incorporation	*24(a)(iii)*	10,000	10	68	–	–	–	10,000	68
Issuance of ordinary shares of US$1 each upon acquisition of You Xin	*24(a)(iv)*	10,000	10	68	–	–	–	10,000	68
Sub-division of shares of US$0.001 each	*24(a)(vi)*	19,980,000	–	–	–	–	–	19,980,000	–
Issuance of ordinary shares of US$0.001 each	*24(a)(vii)*	17,735,848	18	121	–	–	–	17,735,848	121
Issuance of ordinary shares	*19(c)*	–	–	–	16,152,413	–	–	16,152,413	–
Re-designation of shares	*24(a)(ix)*	(2,682,880)	(3)	(18)	2,682,880	3	18	–	–
At 31 December 2009/ 1 January 2010		35,052,968	35	239	18,835,293	3	18	53,888,261	257
Re-designation of shares	*24(a)(x)*	5,034,780	5	35	(5,034,780)	–	–	–	35
At 30 June 2010		40,087,748	40	274	13,800,513	3	18	53,888,261	292

(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 ordinary shares in order to effect the sale of these shares between two existing shareholders of the Company. The seller of these shares has indemnified the Company on the settlement of the puttable option attributable to these re-designated Class B ordinary shares.

(x) Pursuant to a written resolution of the sole director of the Company passed on 12 April 2010, an aggregate of 5,034,780 Class B ordinary shares were re-designated as Class A ordinary shares in order to effect the sale of these shares between two existing shareholders of the Company. The Company's financial liabilities associated with the said Class B ordinary shares of RMB19,253,000 were extinguished on the date of re-designation. The nominal value of these re-designated Class A ordinary shares of RMB35,000 was credited to share capital and the remaining balance of RMB19,218,000 were credited to the share premium account.

(b) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the British Virgin Islands Business Companies Act, 2004.

(ii) General reserve fund

According to the relevant rules and regulations in the PRC, Jinzhou Huachang is required to transfer a minimum of 10% of after-tax profits based on its PRC statutory financial statements to a general reserve fund until the balance of the reserve reaches 50% of its registered capital. The amounts allocated to this reserve are determined by the board of directors with reference to the minimum requirement. The general reserve fund can be used to make good previous years' losses and may be converted into capital in proportion to the equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(iii) Capital reserve

The capital reserve represents the waiver of debts from a shareholder. The amount is considered to be a capital contribution to the Group.

(iv) Other reserve

The other reserve represents the difference between the consideration paid by You Xin over the paid-in capital of Jinzhou Huachang to obtain the entire equity interest in Jinzhou Huachang.

(v) Distributability of reserves

On the basis set out in section A, the aggregate amounts of distributable reserves as at 31 December 2007 and 2008 of the companies comprising the Group were Nil.

As at 31 December 2009 and 30 June 2010, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB33,799,000 and RMB49,997,000, respectively.

(c) *Capital management*

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:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Bank loans	15,000	175,000	–	–
Non-current liabilities				
Bank loan	–	–	210,000	210,000
Total borrowings	15,000	175,000	210,000	210,000
Total equity attributable to equity shareholders of the Company	68,549	47,299	57,186	112,881
Gearing ratio	0.22	3.70	3.67	1.86

Neither the Company nor of its subsidiaries were subject to externally imposed capital requirements during the Relevant Period.

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:

	RMB'000
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)
Cash consideration receivable	1,967
Gain on disposal of a subsidiary	8,000
	6,033

Net cash outflow arising on disposal of a subsidiary:	*RMB'000*
Cash and cash equivalents disposed of	(7,361)

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) Credit risk

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) *Liquidity risk*

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	**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	15,000	15,995	15,995	–	–
Trade and other payables	19,668	19,668	19,668	–	–
	34,668	35,663	35,663	–	–

	At 31 December 2008				
	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	175,000	175,806	175,806	–	–
Trade and other payables	69,496	69,496	69,496	–	–
	244,496	245,302	245,302	–	–

	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	–	–
	409,533	478,964	220,884	15,725	242,355

	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	–	–
	339,312	397,340	147,058	15,725	234,557

(c) *Interest rate risk*

(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		2009		2010	
	Effective interest rate	Total	Effective interest rate	Total	Effective interest rate	Total	Effective interest rate	Total
		RMB'000		*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	7.75%	210,000
Total net borrowings		15,000		175,000		210,000		210,000

(d) Currency risk

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)	
	United States Dollars	*Euro*
Trade and other receivables	1,795	14,588
Cash and cash equivalents	5,484	–
Net exposure	7,279	14,588

	At 31 December 2008 (expressed in RMB'000)	
	United States Dollars	*Euro*
Trade and other receivables	114	16,613
Cash and cash equivalents	130	–
Net exposure	244	16,613

	At 31 December 2009 (expressed in RMB'000)	
	United States Dollars	*Euro*
Trade and other receivables	89	2,935
Cash and cash equivalents	31,751	–
Trade and other payables	–	(2)
Net exposure	31,840	2,933

	At 30 June 2010 (expressed in 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	(2,833)	(373)
Net exposure	2,792	16,673

(ii) Sensitivity analysis

	Years ended 31 December									Six months ended		
	2007			2008			2009			2010		
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss for the year	Increase/ (decrease) in accumulated losses	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss for the year	Increase/ (decrease) in accumulated losses	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year	Increase/ (decrease) in accumulated losses	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the period	Increase/ (decrease) in retained earnings
		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. The analysis has been performed on the same basis during the Relevant Period.

(e) Supply of raw material risk

The Group's revenue depends significantly on its ability to obtain sufficient raw materials which meet the Group's specifications. The Group obtains most of its raw materials from a limited number of suppliers. As a result, there is a risk that the Group will be unable to secure a sufficient supply of raw materials to meet its planned production output, which may have a material and adverse impact on the revenue of the Group.

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at each balance sheet date.

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 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	75,440	13,432	2,079	80,215

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) *Recurring transactions*

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
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) Non-recurring transactions

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of machinery to:					
- Jinmao	–	–	2,056	–	–
Disposal of a subsidiary to:					
- Tan Wenhua	–	–	8,000	–	–

(c) Amounts due from related parties

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature				
– Yangguang	–	20,000	–	–
– Jinmao	–	–	133	56,653
	–	20,000	133	56,653
Non-trade nature				
– Shareholders	–	–	28,317	68
– Huachang Real Estate	–	–	6,420	–
– Tan Wenhua	–	–	8,000	–
	–	–	42,737	68

Amounts due from related parties are unsecured, interest free and are expected to be recovered within one year.

(d) Amounts due to related parties

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature				
– Yangguang	–	–	88,094	35,420
Non-trade nature				
– Jinmao	–	–	100	–

Amounts due to related parties are unsecured, interest free and are expected to be settled within one year.

(e) Key management personnel emoluments

Key management personnel receive compensation in the form of salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Details of key management personnel emoluments are disclosed in notes 10 and 11. Total remuneration is included in "staff costs" as disclosed in note 6(b).

29 Accounting estimates and judgements

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of each asset, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. Both the period and methods of depreciation are reviewed annually. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) Impairment of property, plant and equipment and trade receivables

The Group reviews the carrying amounts of property, plant and equipment at each balance sheet date to determine whether there is objective evidence of impairment. When an indication of impairment is identified, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, management prepares discounted future cash flows to assess the differences between the carrying amount and value in use and provides for impairment losses. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease the provision for impairment losses and affect the Group's profit or loss and net asset value.

Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer. An increase or decrease in the above impairment loss would affect profit or loss in future years.

(c) Valuation of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in technique and competitor actions in response to adverse industry cycles.

Management reassesses these estimates at each balance sheet date.

(d) *Income taxes*

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 utilised. Estimation of future taxable profits involves judgements made by management. Any increase or decrease in the recognition of deferred tax assets would affect the Group's profit or loss in future years.

30 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2010

Up to the date of issue of this Financial Information, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial periods included in the Relevant Period and which have not been adopted in this Financial Information.

	Effective for accounting periods beginning on or after
HKFRSs (Amendments), *Improvement to HKFRSs 2010*	1 July 2010
HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*	1 July 2010
Revised HKAS 24, *Related party disclosures*	1 January 2011
HKFRS 9, *Financial instruments*	1 January 2013

The Company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a significant impact on the Company's results of operations and financial position.

C BALANCE SHEET OF THE COMPANY

	At 31 December 2009	At 30 June 2010
	RMB'000	*RMB'000*
Non-current assets		
Interest in subsidiary *(note)*	65,739	93,506
Current assets		
Due from shareholders	28,317	68
Current liabilities		
Financial liabilities at amortised cost *(Section B note 19(c))*	60,000	43,285
Net current liabilities	(31,683)	(43,217)
Net assets	34,056	50,289
Capital and reserves		
Share capital	257	292
Share premium	33,799	53,017
Exchange reserve	–	(482)
Accumulated losses	–	(2,538)
Total equity	34,056	50,289

Note: Interest in subsidiary represents the investment cost in a subsidiary of RMB88,000 (2009: RMB88,000) and the amount due from a subsidiary of RMB93,418,000 (2009: RMB65,651,000), which is unsecured, interest fee and recoverable on demand. Details of the subsidiary are set out in Section A.

At 30 June 2010, the Company had net current liabilities of RMB43,217,000 due to the issuance of Class B ordinary shares which are accounted for as financial liabilities carried at amortised cost. The directors of the Company have made an assessment of the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the balance sheet date, taking into account the Company's liquidity and financial position as a whole and believe it has adequate resources to meet its financial obligations as and when they fall due. Accordingly, the Financial Information has been prepared on a going concern basis.

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
Certified Public Accountants
Hong Kong

For illustrative purpose only, set out below is the unaudited pro forma financial information of the Enlarged Group assuming completion of the Acquisition. The unaudited pro forma financial information is prepared in accordance with Paragraph 4.29(1) and Paragraph 14.67(6)(a)(ii) of the Listing Rules to illustrate the effect of the Acquisition on the Group's financial information.

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 and the audited financial information of the Target Group as at 30 June 2010 as set out in Appendix II to this circular after incorporating the unaudited pro forma adjustments described in the accompanying notes. A narrative description of the unaudited pro forma adjustments of the Acquisition that are (i) directly attributable to the transaction concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2010 or any future date. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to give a true picture of the Enlarged Group's financial position or predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the financial information of the Target Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

Unaudited pro forma consolidated balance sheet as at 30 June 2010

	The Group	The Target Group	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*Note*	*RMB'000*
Non-current assets					
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	*(d)*	92,935
Prepayments for raw materials	249,358	–	–		249,358
Goodwill	–	–	607,370	*(e)*	607,370
Deferred tax assets	37,665	7,620	–		45,285
	973,580	245,360	618,458		1,837,398
Current assets					
Inventories	547,861	53,429	–		601,290
Trade and other receivables	506,893	98,819	(21,232)	*(f)*	584,480
Pledged deposits	64,660	16,036	–		80,696
Cash and cash equivalents	313,357	92,040	–		405,397
	1,432,771	260,324	(21,232)		1,671,863
Current liabilities					
Trade and other payables	434,335	129,312	(18,644)	*(g)*	545,003
Bank loans	374,838	–	–		374,838
Current tax payable	1,565	4,669	–		6,234
	810,738	133,981	(18,644)		926,075
Net current assets	622,033	126,343	(2,588)		745,788
Total assets less current liabilities	1,595,613	371,703	615,870		2,583,186

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

	The Group	The Target Group	Pro forma adjustments	Note	Unaudited pro forma consolidated balance sheet of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*Note*	*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	*(h)*	17,129
	146,705	258,822	2,711		408,238
Net assets	1,448,908	112,881	613,159		2,174,948
Capital and reserves					
Capital	162,458	292	(292)	*(i)*	162,458
Reserves	1,267,508	112,589	613,451	*(j)*	1,993,548
Total equity attributable to equity shareholders of the Company	1,429,966	112,881	613,159		2,156,006
Non-controlling interests	18,942	–	–		18,942
Total equity	1,448,908	112,881	613,159		2,174,948

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

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 RMB728,628,000) over the fair values of the assets acquired and liabilities assumed of RMB121,258,000 as at 30 June 2010 as if the Acquisition had been completed on 30 June 2010.

(f) The adjustment to trade and other receivables represents inter-company balance elimination of RMB21,232,000.

(g) The adjustment to trade and other payables represents inter-company balance elimination of RMB21,232,000 and the recognition of the related cost incurred, such as lawyer's fees, audit fees, financial advisory fees and other costs of approximately HK$2,950,000 (equivalent to RMB2,588,000) that are directly attributable to the Acquisition, which are required to be recognised in profit or loss in accordance with Revised HKFRS 3.

(h) The adjustment to deferred tax liabilities is based on the temporary difference between the estimated fair value of the lease prepayments acquired and the corresponding estimated tax basis.

(i) The adjustment to share capital represents the elimination of the share capital of the Target Group upon the completion of the Acquisition.

(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 RMB728,628,000) based on the fair value of the shares into which these convertible bonds can be converted as at the date of issuance of the convertible bonds.

B. REPORT FROM THE REPORTING ACCOUNTANTS

The following is the text of a report prepared for the sole purpose of incorporation in this circular received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

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 Financial Information") of Solargiga Energy Holdings Limited (the "Company") and its subsidiaries (the "Group"), together with Sino Light Investments Limited (the "Target Company") and its subsidiaries (collectively referred to as the "Enlarged Group") set out on pages 113 to 117 in Appendix III of the circular dated 15 December 2010 (the "Circular"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed acquisition of the entire equity interest of the Target Company might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in notes to the unaudited Pro Forma Financial Information of the Enlarged Group on pages 116 to 117 of the Circular.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS ON THE SINO LIGHT GROUP

Six months ended 30 June 2010 compared to six months ended 30 June 2009

Results

1. *Turnover*

During the six months ended 30 June 2010, the Sino Light Group was principally engaged in the manufacture and trading of monocrystalline silicon solar cells. Turnover of the Sino Light Group increased by approximately 1,302.8% from RMB29.0 million for the six months ended 30 June 2009 to RMB406.8 million for the six months ended 30 June 2010. The substantial increase in turnover was mainly attributable to the increase in sales volume of the Sino Light Group, which in turn was primarily due to (i) the increase in demand for the Sino Light Group's products as a result of market recovery during the period under review; and (ii) expanded production capacity from 25 megawatts to 100 megawatts upon completion of three additional production lines gradually from September to November 2009, and full utilisation of the Sino Light Group's completed production capacity since the second half of 2009 which had enabled the Sino Light Group to raise production volume to meet increased demand.

2. *Cost of sales*

Despite a 1,302.8% increase in turnover, cost of sales of the Sino Light Group increased by approximately 599.8% from RMB49.3 million for the six months ended 30 June 2009 to RMB345.0 million for the six months ended 30 June 2010. The smaller percentage increase in cost of sales than in turnover was mainly due to the reduction in per unit production cost of the Sino Light Group as resulted from a higher utilisation rate and economies of scale achieved by the Sino Light Group during the period under review.

3. *Gross profit*

Gross profit of the Sino Light Group was RMB61.8 million for the six months ended 30 June 2010 while it incurred a gross loss of RMB20.3 million for the six months ended 30 June 2009. The improvement in gross profit was primarily due to the reduction in per unit production cost of the Sino Light Group as explained above.

4. *Other revenue*

Other revenue for the six months ended 30 June 2010 consisted of government grants, interest income from bank deposits, rental income, income from sale of scrap materials and others. For the six months ended 30 June 2010, other revenue increased by approximately 92.9% to RMB2.7 million from RMB1.4 million for the six months ended 30 June 2009. The increase in other revenue was primarily due to the net effect of (i) the increase in government grants, rental income, income from sale of scrap materials and others of RMB92,000, RMB477,000, RMB664,000 and RMB117,000 respectively, and (ii) the decrease in interest income from bank deposits of RMB15,000.

5. *Other net income/loss*

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).

6. *Selling and distribution expenses*

Selling and distribution expenses of the Sino Light Group increased to RMB274,000 for the six months ended 30 June 2010 from nil for the six months ended 30 June 2009. 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 150.0% from RMB2.0 million for the six months ended 30 June 2009 to RMB5.0 million for the six months ended 30 June 2010. Such increase was mainly attributable to the increase in the scale of operation of the Sino Light Group.

8. *Finance costs*

For the six months ended 30 June 2010, the Sino Light Group incurred finance costs in the amount of RMB10.3 million, an increase of approximately 102.0% from RMB5.1 million for the six months ended 30 June 2009. 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 for the period under review*

Profit of the Sino Light Group for the six months ended 30 June 2010 was RMB36.4 million while a loss of RMB23.9 million was recorded by the Sino Light Group for the six months ended 30 June 2009. 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 rate 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 shareholders and bank financing. As at 30 June 2010, Sino Light Group's current ratio (current assets divided by current liabilities) was 1.94 (31 December

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 *(expressed in 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	(2,833)	(373)
Net exposure	2,792	16,673

Note:

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 liabilities of the Sino Light Group were attributable to the business of manufacture of silicon solar cells which was carried out principally in the PRC during the period under review.

Major Transaction

For the six months ended 30 June 2010, there was no material acquisition and/or disposal of subsidiary and/or affiliated companies by the Sino Light Group.

Significant Investment Plans

It was the plan of the Sino Light Group to expand its annual production capacity from 100 megawatts as at 30 June 2010 to 200 megawatts by the end of 2010 through installation of additional production lines.

Year ended 31 December 2009 compared to year ended 31 December 2008

Results

1. Turnover

For the year ended 31 December 2009, the Sino Light Group was principally engaged in (i) the manufacture and trading of monocrystalline silicon solar cells; and (ii) real estate development through the then wholly owned subsidiary of the Sino Light Group, namely, Jinzhou Huachang Real Estate Development Co., Ltd (錦州華昌光伏房地產開發有限公司) ("**Huachang Real Estate**"), which was disposed of by the Sino Light Group to Mr. Tan in December 2009 (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). Turnover of the Sino Light Group, which comprised solely sales from its solar cells business, increased by approximately 529.9%

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) for the year*

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 *(expressed in RMB'000)*	
	United States Dollars	**Euro**
Trade and other receivables	89	2,935
Cash and cash equivalents	31,751	–
Trade and other payables	–	(2)
Net exposure	31,840	2,933

Note:

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

For the year ended 31 December 2009	**Monocrystalline silicon solar cells** *RMB'000*	**Real estate development** *RMB'000*	**Consolidated** *RMB'000*
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

As at 31 December 2009	**Monocrystalline silicon solar cells** *RMB'000*	**Real estate development** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	511,653	–	–	511,653
Segment liabilities	454,467	–	–	454,467

Major Transaction

In December 2009, the Sino Light Group disposed of the entire issued shares of Huachang Real Estate held by it to Mr. Tan for a total consideration of RMB8 million (the "**HRE Disposal**"). Huachang Real Estate is a company established in the PRC on 10 January 2008 with limited liability, the approved business scope of which is real estate development and sale of commercial properties. Save for the holding of a parcel of land located in the Economic and Technological Development Zone, Yushanlu North, Cuizhuangjie West, the PRC (經濟技術開發區玉山路北、崔莊街西), Huachang Real Estate did not have other business activities prior to the HRE Disposal.

Save as disclosed above, for the year ended 31 December 2009, there was no material acquisition and/or disposal of subsidiary and/or affiliated companies by the Sino Light Group.

Year ended 31 December 2008 compared to year ended 31 December 2007

Results

1. *Turnover*

For the year ended 31 December 2008, the Sino Light Group was principally engaged in (i) the manufacture and trading of monocrystalline 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" above for further details). For the year ended 31 December 2008, turnover of the Sino Light Group, which comprised solely sales from its solar cells business, amounted to RMB32.1 million. No turnover was recorded by the Sino Light Group for the year ended 31 December 2007 as production of the Sino Light Group only commenced in the year 2008.

2. *Cost of sales*

For the year ended 31 December 2008, cost of sales of the Sino Light Group amounted to RMB40.0 million. No cost of sales was incurred by the Sino Light Group for the year ended 31 December 2007 as production of the Sino Light Group only commenced in the year 2008.

3. *Gross profit*

The Sino Light Group recorded gross profit of RMB7.9 million for the year ended 31 December 2008. No gross profit was recorded by the Sino Light Group for the year ended 31 December 2007 as production of the Sino Light Group only commenced in the year 2008.

4. *Other revenue*

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 RMB3.5 million for the year ended 31 December 2008 and nil for the year ended 31 December 2007.

5. *Other net income/loss*

Sino Light Group recorded other net income of RMB956,000 for the year ended 31 December 2008 while other net loss in the amount of RMB98,000 was incurred by the Sino Light Group for the year ended 31 December 2007. The other net income recorded by the Sino Light Group for the year ended 31 December 2008 was attributable to the net foreign exchange gain of RMB956,000 recorded by the Sino Light Group for the year ended 31 December 2008 (as compared to the net foreign exchange loss of RMB98,000 for the same period in 2007).

6. *Selling and distribution expenses*

The Sino Light Group had not incurred any selling and distribution expenses for the two years ended 31 December 2008 because the then scale of operation of the Sino Light Group was still small and shipment volume was limited.

7. *Administrative expenses*

Minimal administrative expenses had been incurred by the Sino Light Group for the year ended 31 December 2007 as production of the Sino Light Group only commenced in the year 2008 and as a result, administrative expenses of the Sino Light Group increased substantially by approximately 1,801.8%% from RMB163,000 for the year ended 31 December 2007 to RMB3.1 million for the year ended 31 December 2008.

8. *Finance costs*

For the year ended 31 December 2008, the Sino Light Group incurred finance costs in the amount of RMB9.2 million, an increase of approximately 736.4% from RMB1.1 million for the year ended 31 December 2007. The significant increase in finance costs of the Sino Light was mainly attributable to the increase in the average loan balance of the Sino Light Group during the period under review.

9. *Loss for the year*

The Sino Light Group recorded a loss of RMB1.4 million and RMB21.3 million for the two years ended 31 December 2008 respectively as the Sino Light Group was still in the initial stage of operation during the period under review and was unable to enjoy economies of scale in its production and operation.

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 *(expressed in RMB'000)*	
	United States Dollars	**Euro**
Trade and other receivables	114	16,613
Cash and cash equivalents	130	–
Net exposure	244	16,613

Note:

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 (expressed in RMB'000)	
	United States Dollars	**Euro**
Trade and other receivables	1,795	14,588
Cash and cash equivalents	5,484	–
Net exposure	7,279	14,588

Note:

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 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" above 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 2008:

Segment Results

For the year ended 31 December 2008	**Monocrystalline silicon solar cells** *RMB'000*	**Real estate development** *RMB'000*	**Consolidated** *RMB'000*
Turnover	32,064	–	32,064
Loss from operations	(6,441)	(118)	(6,559)
Loss before taxation	15,600	(118)	(15,718)
Profit/(loss) for the year	(15,674)	(5,576)	(21,250)

Segment assets and liabilities

As at 31 December 2008	**Monocrystalline silicon solar cells** *RMB'000*	**Real estate development** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	310,856	42,916	(21,150)	332,622
Segment liabilities	257,981	40,492	(13,150)	285,323

Major Transaction

For the two years ended 31 December 2008, there was no material acquisition and/or disposal of subsidiary and/or affiliated companies by the Sino Light Group.

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

Authorised:		*HK$*
5,000,000,000	Shares	500,000,000.00
Issued and fully paid:		
1,807,170,425	Shares	180,717,042.50

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

Authorised:		*HK$*
5,000,000,000	Shares	500,000,000.00
Issued and fully paid:		
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
2,242,170,425		224,217,042.50

3. DISCLOSURE OF INTERESTS

(a) Interest and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 for Securities Transactions by Directors of Listed Companies (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (%)
Mr. Tan	Beneficial Interest	475,761,999(L)	26.33%
	Interest in options *(Note 2)*	13,014,375(L)	0.72%
	Security interest *(Note 2)*	13,014,375(L)	0.72%
	Interest in the share options granted under the Share Option Scheme	500,000(L)	0.03%
Mr. Chong *(Note 3)*	Interest of controlled corporation	80,075,540(L)	4.43%
	Trustee's interest	26,058,625(L)	1.44%
	Personal interest	2,449,500 (L)	0.14%
	Family interest	1,100,000 (L)	0.06%
Mr. Hsu You Yuan	Beneficial Interest	12,440,927(L)	0.69%
	Interest in options *(Note 2)*	2,080,000(L)	0.12%
	Security interest *(Note 2)*	2,080,000(L)	0.12%
	Interest in the share options granted under the Share Option Scheme	500,000(L)	0.03%
Mr. Chiao Ping Hai	Beneficial Interest	6,135,500(L)	0.34%
	Interest in options *(Note 2)*	8,304,875(L)	0.46%
	Security interest *(Note 2)*	8,304,875(L)	0.46%

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%

Notes:

(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 management and staff of the Group. Of the said 26,058,625 Shares, 2,350,125 Shares are held by Mr. Chong in trust for Ms. Zhang Liming, an executive Director and 2,659,375 Shares are held by Mr. Chong in trust for Mr. Hsu You Yuan, an executive Director.

(4) As at the Latest Practicable Date, Ms. Zhang Liming's 2,350,125 Shares were 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 for, among others, the relevant employees and senior management members (if any) to the extent the relevant Shares remain subject to a lock-up period.

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) 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:

Name	Capacity	Number of Shares held (Note 1)	Approximate percentage of shareholding
WWIC	Beneficial owner	344,208,822(L)	19.05%
WWX (Note 2)	Interest of a controlled corporation	344,208,822(L)	19.05%
Jean Salata	Interest of a controlled corporation	119,045,000(L)	6.59%
Baring Private Equity Asia GP IV Limited	Interest of a controlled corporation	119,045,000(L)	6.59%
Baring Private Equity Asia GP IV, L.P.	Interest of a controlled corporation	119,045,000(L)	6.59%

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 corporation	122,139,421(L)	6.76%
Baring Private Equity Asia IV Holding (6) Limited	Beneficial interest	119,045,000(L)	6.59%

Note:

(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 graphite related products. The businesses of HPT and Jinzhou Changhua do not compete with that of the Group. HPT, being a manufacturer of solar photovoltaic and solar cells, or some other materials (not being polysilicon), is a downstream company of the Group because solar photovoltaic and solar cells are made from wafers, which the Group manufactures. HPT does not manufacture any polysilicon, ingots or wafers. On the other hand, Jinzhou Changhua, as a company which manufactures graphite and graphite related products, is also not a competitor of the Group because (a) the Group is not engaged in the manufacturing of graphite or any 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 March 2009, pursuant to which Richzone agreed to lease to Wealthy Rise a premises situated at Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong as the Company's principal place of business in Hong Kong since 20 March 2009 and has been disclosed in the Company's announcement published on the same date; (ii) the asset transfer agreement dated 2 November 2009 which was entered into between 錦州錦懋光伏科技有限公司 (Jinzhou Jinmao Photovoltaic Technology Co., Ltd*) ("Jinzhou Jinmao") and HPT pursuant to which Jinzhou Jinmao has agreed to purchase, and HPT has agreed to sell, certain equipment and office furniture, to the Group at a purchase cost of RMB4,099,775.04; and (iii) the Acquisition, none of the Directors had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of Enlarged Group since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS

The Directors are interested in the following contracts or arrangements entered into by the Company, its subsidiaries and/or the Sino Light Group which is significant in relation to the business of the Enlarged Group:

(a) the framework sale agreement dated 12 January 2008 entered into between the Company and WWX (which is owned as to 1.39% by Mr. Chiao Ping Hai ("Mr. Chiao"), a director of WWX and a non-executive Director) in respect of the sale of upgraded and processed polysilicon, silicon solar ingots and silicon solar wafers to WWX or its subsidiaries (as supplemented by a supplemental framework agreement dated 4 June 2008 between the Company and WWX);

(b) the framework supply agreement dated 12 January 2008 entered into between the Company and WWX (in which Mr. Chiao has interests as described in (a) above) in respect of the supply of scrap polysilicon raw material, scrap ingots and scrap wafers to the Company or its subsidiaries (as supplemented by a supplemental framework agreement dated 4 June 2008 between the Company and WWX);

(c) a framework sale agreement dated 12 August 2008 between the Company and HPT, a company indirectly owned (i) as to 32.14% by Mr. Tan, (ii) as to 7.7% by PLC, a company indirectly owned as to 65% by Mr. Chong and (iii) as to 14% by the Third Vendor (which is held as to 37.5% by Mr. Stephen Chiao Sun Hai, the elder brother of Mr. Chiao, who is a non-executive Director), pursuant to which the Company has agreed to sell, or procure its subsidiaries to sell, and HPT agreed to buy, silicon solar wafers;

(d) a framework agreement dated 17 April 2009 between the Company and 錦州吉興新材料有限公司 (Jinzhou Jixing New Material Company Limited) ("Jinzhou Jixing"), a company indirectly owned as to 35% by Mr. Tan, pursuant to which (i) the Company agreed to sell, or procure its subsidiaries to sell, and Jinzhou Jixing agreed to purchase, or procure its subsidiaries to purchase, wire slurry; and (b) Jinzhou Jixing agreed to sell, or procure its subsidiaries to sell, and the Company agreed to purchase, or procure its subsidiaries to purchase, recycled abrasives and mineral oil which serve as the Group's materials for the slicing of silicon solar ingots into silicon solar wafers;

(e) a framework supply agreement dated 2 November 2009 between the Company and HPT, a company indirectly owned (i) as to 32.14% by Mr. Tan, (ii) as to 7.7% by PLC, a company indirectly owned as to 65% by Mr. Chong and (iii) as to 14% by Grand Sea (which is held as to 37.5% by Mr. Stephen Chiao Sun Hai, the elder brother of Mr. Chiao, who is a non-executive Director), pursuant to which the Company has agreed to purchase, or procure its subsidiaries to purchase, and HPT has agreed to supply, solar cells;

(f) a framework service agreement dated 2 November 2009 between the Company and 京鑫半導體材料有限公司 (Jingxin Semi-conductor Material Company Limited) ("Jingxin Semi-conductor"), a company owned as to 40% by Ms. Chen Man, the daughter-in-law of Mr. Tan, pursuant to which the Company has agreed to engage or procure its subsidiaries to engage Jingxin Semi-conductor for the provision of services for re-coating and re-grooving guide rollers which is necessary for slicing of silicon solar ingots into silicon solar wafers;

(g) a framework service agreement dated 2 December 2009 between the Company and 錦州華榮物業管理有限公司 (Jinzhou Huarong Property Management Company Limited) ("Jinzhou Huarong"), a company indirectly owned as to 90% by Mr. Tan (an executive Director), pursuant to which Jinzhou Huarong agreed to provide water and heat to the Company and its subsidiaries;

(h) a framework supply agreement dated 2 December 2009 between (i) the Company, (ii) Jinzhou Changhua, a company indirectly owned as to 40% by Mr. Tan and owned as to 60% by Fourth Vendor, a company indirectly owned as to 65% by Mr. Chong, and (iii) Jinzhou Youxin, a company owned as to 30% by the Fourth Vendor, pursuant to which Jinzhou Changhua and Jinzhou Youxin agreed to supply graphite materials and quartz crucibles respectively to the Company or its subsidiaries;

(i) a framework processing agreement dated 2 December 2009 between the Company and WWX (in which Mr. Chiao has interests as described in (a) above) pursuant to which the Company agreed to provide, or procure its subsidiaries to provide the services in respect of acidic wash of silicon, the processing and recycling of top and tail scrap, pot scrap and scrap silicon into 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 described in (a) above) in respect of the supply of scrap polysilicon raw material, scrap ingots and scrap wafers to the Company or its subsidiaries;

(l) a joint venture agreement dated 8 November 2010 between 錦州陽光能源有限公司 (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) ("Joint Venture Partner"), which is owned as to approximately 2.43% by Mr. Tan Xin, the son of Mr. Tan who is also a supervisor of the Joint Venture Partner, 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 the Joint Venture Partner and as to 37% by Jinzhou Yangguang, to engage in the business of manufacturing multicrystalline silicon solar ingots and wafers; and

(m) the Second S&P Agreement entered into, among others, the First Vendor (a company wholly-owned by Mr. Tan), the Third Vendor (which is held as to 37.5% by Mr. Stephen Chiao Sun Hai, the elder brother of Mr. Chiao, a non-executive Director) and the Fourth Vendor (a company indirectly owned as to 65% by Mr. Chong) pursuant to which the vendors named therein conditionally agree to sell and the Company conditionally agree to purchase the entire issued shares of Sino Light at a consideration of HK$835,200,000 to be satisfied by the issue of Convertible Bonds.

Save as disclosed herein, none of the Directors is interested in any contract or arrangement entered into by the Company or any of its subsidiaries or any member of the Sino Light Group which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Enlarged Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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 consents to the issue of this circular with the inclusion of their letters and report as set out in this circular and references to their names in the form and context in which they appear in this circular.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within two years immediately preceding the Latest Practicable Date and are or may be material:

(a) a joint venture agreement dated 27 April 2009 between Jinzhou Yangguang Energy Co., Ltd. ("Jinzhou Yangguang"), a wholly-owned subsidiary of the Company, Kinmac Holdings Limited ("Kinmac Holdings") and an independent third party for the establishment of Jinzhou Jinmao Photovoltaic Technology Co., Ltd. (錦州錦懋光伏科技有限公司) ("Jinzhou Jinmao") with a 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.

Solargiga Energy Holdings Limited
陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock code: 757)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Solargiga Energy Holdings Limited 陽光能源控股有限公司 (the "**Company**") will 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. to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

1. "**THAT**

(A) the sale and purchase agreement dated 8 November 2010 (the "**S&P Agreement**") (a copy of which is produced to the EGM marked "A" and initialled by the chairman of the EGM for the purpose of identification) entered into between (i) the Company as purchaser; (ii) You Hua Investment Corporation, Wintek International Corp., Grand Sea Investments Limited, Prosperity Lamps & Components Limited, Seaquest Ventures Inc., Lithium Energy Holdings Corporation and Sunvision Capital Investment Limited (collectively, the "**Vendors**") as vendors; and (iii) Mr. Tan Wenhua, Ms. Hanako Hiramatsu, Mr. Chiao Stephen Sun-Hai, Mr. Chong Kin Ngai, Mr. Quintin Wu, Mr. Tam Wing Keung and Mr. Liang-Chieh Huang as warrantors, in relation to the acquisition by the Company of 53,888,261 ordinary shares of US$0.001 each in the capital of Sino Light Investments Limited, at a total consideration of HK$835,200,000 (the "**Acquisition**") to be satisfied by the issue of the Convertible Bonds (as defined below) and the transaction contemplated thereunder, be and are hereby approved, confirmed and ratified;

(B) subject to the completion of the Acquisition, the creation and issue of the convertible bonds in an aggregate principal amount of HK$835,200,000 ("**Convertible Bonds**") to the Vendors on and subject to the terms and conditions of the S&P Agreement be and are hereby approved;

(C) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited having granted the listing of, and permission to deal in, the Conversion Shares (as defined below), the allotment and issue

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
Executive Director

Hong Kong, 15 December 2010

Registered Office:	**Principal Place of Business in Hong Kong:**
Cricket Square	Room 1402, Harbour Centre
Hutchins Drive	25 Harbour Road
P.O. Box 2681	Wanchai
Grand Cayman, KY1-1111	Hong Kong
Cayman Islands	

Notes:

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 announcement will be made in such event.

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 event, the instrument appointing a proxy shall be deemed 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. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun are independent non-executive directors of the Company.