This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are summarised in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Shares.

Capitalised terms are defined in the section headed "Definitions" in this prospectus.

OVERVIEW

The Group is China's second largest manufacturer of monocrystalline silicon ingots, measured in terms of production output and sales, in 2004, 2005 and 2006, according to China Electronics Material Industry Association[(Note)]. Silicon ingots and wafers are used for the manufacturing of PV cells which are important components of solar energy generation systems.

The Group's silicon reclaiming and upgrading facilities, which have an aggregate annual designated throughput of over 2,400 tonnes of reclaimable polysilicon, allow it to have significant production cost advantages for producing solar ingots at better and more attractive margins than those silicon ingot manufacturers which lack such silicon reclaiming facilities. The Group aims to become the world's leading player in the solar energy industry.

In June 2007, the Original Group acquired the Acquired Group, which comprised of, amongst others, established polysilicon reclaiming and upgrading facilities and monocrystalline silicon ingot manufacturing facilities. The following tables show certain key performance measures of the Original Group for each of the three years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2006 and 2007 and of the Acquired Group for each of the three years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2006 and 2007, as derived from the financial information in appendices I and II to this prospectus. As the Acquired Group was acquired by the Original Group in June 2007, its results were separately disclosed up to 30 June 2007. The key performance measures of the Original Group for the nine months ended 30 September 2006 and those of the Acquired Group for the six months ended 30 June 2006 are unaudited.

	Year ended 31 December				Nine months ended 30 September		
Original Group	**2004**	**2005**	**2006**	**CAGR**	**2006**	**2007**	**Growth**
	RMB'000	*RMB'000*	*RMB'000*	**(04-06)**	*RMB'000*	*RMB'000*	**(06-07)**
Turnover	57,658	173,697	413,303	168%	277,730	715,390	158%
Profit from operations	7,988	62,842	156,025	342%	104,896	249,366	138%
Profit for the year/period attributable to equity shareholders of the Company	4,941	41,303	109,670	371%	72,487	211,326	192%

Note: China Electronics Material Industry Association is a national industry organization which operates directly under the guidance and leadership of Ministry of Information Industry and implements the tasks entrusted by the PRC government. It has more than 400 members in the PRC. The confirmation on the Original Group's market position is based on data (including but not limited to production output and sales) collected from major members in the industry and reviewed by expert of the industry. China Electronics Material Industry Association's confirmation was issued on 2 January 2008 at the request of the Company. The Directors, the Company and the Sponsor did not commission the issue of such confirmation.

Acquired Group	Year ended 31 December 2004	2005	2006	CAGR	Six months ended 30 June 2006	2007	Growth
	RMB'000	*RMB'000*	*RMB'000*	(04-06)	*RMB'000*	*RMB'000*	(06-07)
Turnover	52,630	141,237	262,912	124%	99,021	220,935	123%
Profit from operations	7,997	22,220	64,992	185%	17,359	60,311	247%
Profit for the year/period attributable to equity shareholders of Solartech	5,688	15,960	54,296	209%	12,654	48,455	283%

Set out below are certain unaudited pro forma key performance measures of the Enlarged Group for the year ended 31 December 2006 and the nine months ended 30 September 2007, extracted from the unaudited pro forma financial information set out in appendix III to this prospectus:

Enlarged Group	**Year ended 31 December 2006**	**Nine months ended 30 September 2007**
	RMB'000	*RMB'000*
Turnover	654,612	882,465
Profit from operations	274,025	252,911
Profit for the year/period attributable to equity shareholders	221,296	199,668

Note: The basis of preparation of the above unaudited pro forma key performance measures are set out in appendix III to this prospectus. For the preparation of the unaudited pro forma combined income statements, the acquisition of the Acquired Group is assumed to be completed on 1 January 2006. As such, the unaudited pro forma profit attributable to the equity shareholders for the year ended 31 December 2006 reflected several significant individual non-recurring items arisen from the acquisition, which increased the pro forma profit by approximately RMB53.2 million. The significant individual non-recurring items include: (i) gain on acquisition of the Acquired Group of approximately RMB74.8 million; (ii) increase in cost of sales of approximately RMB18.0 million and decrease in income tax expenses thereon of approximately RMB3.3 million as a result of fair value adjustment of inventory; and (iii) a non-operating expense of approximately RMB6.9 million arisen for the period related to the allotment of certain shares of a subsidiary of the Company as employee incentive compensation.

The Group's key operations, production facilities and operating assets are located in China. As at the Latest Practicable Date, the Group has a production base located in Jinzhou which is equipped with raw material processing facilities, 100 monocrystalline silicon ingots pullers and 8 wiresaws having an aggregate annual designed capacity of 1,032 tonnes monocrystalline silicon ingots and 16,768,000 pieces of monocrystalline silicon wafers. The Group plans to substantially increase its manufacturing capacity in order to meet ongoing demand for the Group's products and maximise economies of scales. In 2008, the Group's annual monocrystalline silicon ingots and wafers production capacities are expected to increase to approximately 2,000 tonnes and 56 million pieces, respectively.

Upon the completion of the Group's expansion plan in Jinzhou Rixin, it is expected that the Group's annual monocrystalline silicon ingots production capacity will be increased to approximately 2,000 tonnes with an additional 96 monocrystalline silicon ingots pullers and its annual wafer production capacity will be increased to 48 million pieces with an additional 16 wiresaws upon its full commercial production in the second quarter of 2008. To further enhance the Group's plan to develop its wafer production business, Jinzhou Jingji was established on 19 December 2007 as a non wholly-owned subsidiary of Shanghai

Jingji. Shanghai Jingji owns 57.14% equity interest in Jinzhou Jingji has entered into an agreement to acquire the remaining 42.86% in Jinzhou Jingji from its joint venture partner, a Taiwan entity, an Independent Third Party, which has not been able to obtain the relevant governmental approvals in Taiwan and has not provided the required capital contribution. Jinzhou Jingji is in the course of applying to the PRC government for conversion into a wholly-owned subsidiary of Shanghai Jingji. Jinzhou Jingji has not commenced any commercial operations nor conducted any business activities and has not owned any assets or incurred any liabilities. Upon full commercial production, Jinzhou Jingji will be equipped with 13 wiresaws, having an initial annual design production capacity of 8 million pieces of wafers by the end of 2008. The investment in Jinzhou Jingji will be funded by the proceeds of the Global Offering.

Depending on the market demand, the Group also plans to increase its production capacity to approximately 3,000 tonnes of monocrystalline silicon ingots and 88 million pieces of monocrystalline silicon wafers by the end of 2009.

In order to enhance the Group's ability to source and retain sufficient polysilicon raw material, a framework agreement and a supplemental agreement were entered into between 錦州新世紀石英玻璃有限公司 (Jinzhou New Century Quartz Glass Co., Ltd.*), an Independent Third Party, and Jinzhou Yangguang on 25 June 2007 and 31 December 2007 respectively, whereby Jinzhou Yangguang agreed to invest RMB62.4 million for 40% of the registered capital in a joint venture company to be formed for the production of solar grade polysilicon. The investment of RMB62.4 million by Jinzhou Yangguang is expected to be funded by the proceeds of the Global Offering.

As at 30 November 2007, capital commitment contracted for the purchase of 96 ingot pullers and 16 wiresaws was RMB95.1 million and for factory building expenditure was RMB2.2 million. Capital commitment approved but not contracted for amounted to RMB9.7 million for building the other factory premises and the purchase of other equipment and machineries. The above capital commitments were for the construction of the production facilities of Jinzhou Rixin. In addition, the Group had capital commitment contracted amounting to RMB62.4 million for investment in the joint venture company with 錦州新世紀石英玻璃有限公司 (Jinzhou New Century Quartz Glass Co., Ltd.*) and US$10 million (approximately RMB83.5 million) for the investment in Jinzhou Jingji. Furthermore, there was a capital commitment contracted for amounted to RMB17 million for the acquisition of land and building in Jinzhou and was funded by internal cash resources.

The Group's principal customers are amongst the major solar energy players in the world measured in terms of production capacity. For the year ended 31 December 2006, the Original Group's largest customer and top 5 customers accounted for approximately 14.2% and 55.7% of the Original Group's turnover, respectively and the Acquired Group's largest customer and top 5 customers accounted for approximately 21.6% and 49.2% of the Acquired Group's turnover, respectively. During the Track Record Period, the Group's products were sold to customers in Japan, Taiwan, PRC, Europe and North America for processing into solar cells.

For oversea distribution, the Group has appointed Sumitomo as the distributor of the Group's products in Japan, being one of the key markets where solar power is encouraged by the government. Pursuant to the distribution agreement dated 28 June 2007, the Jinzhou Plants and the Shanghai Plant have appointed Sumitomo as their respective exclusive distributor for 2008 (renewable for a term of one year) in respect of monocrystalline silicon ingots and wafers to their target customers in Japan, save that the Jinzhou Plants and Shanghai Plant may appoint SEC as an additional distributor, to some target customers in Japan as set out in the agreement.

* *English translation of Chinese official name is for identification purpose only*

STRENGTHS

The Directors believe that the principal strengths of the Group include the following:

- The second largest player in China in terms of production output and sales of monocrystalline silicon ingots in 2004, 2005 and 2006 according to China Electronics Material Industry Association with well-established facilities for polysilicon upgrading and reclaiming in the PRC. It is therefore well positioned to benefit from the anticipated strong growth in the upstream segment of the solar energy value chain in the PRC and the world;

- Strong relationship within the PV value chain enhances the ability of the Group to secure raw material supply and expand its customer and supplier network;

- Advanced and proprietary know-how that lowers the Group's cost of production and increases productivity;

- Experienced management team with solid technical knowledge in the solar energy industry and skilled local staff with proven track records; and

- Strategic investors of the Group are renowned suppliers of silicon raw material and distributors of solar related products and well-known in the semiconductor fabrication and polysilicon upgrading and recycling industry. The Group has benefited from the shared management experience, strategic guidance and opportunity referrals provided by these strategic investors.

BUSINESS STRATEGIES

With a view to maintaining the Group's position as China's second largest manufacturer of monocrystalline silicon ingots in terms of production output and sales and to become the world's leading player in the solar energy industry, the Group will adopt the following strategies:

- Expand production capacity and increase market share in the monocrystalline silicon ingot and wafer markets in the world;

- Maintain technical know-how advantage to reduce manufacturing cost as well as improve quality; and

- Maintain cost effective operations through the use of the upgraded and recycled polysilicon provided from the Group's own facility, diversify source of raw materials and secure additional long-term polysilicon raw material suppliers.

The Group will further strengthen its relationship with major solar energy players and other potential customers by further improving the quality of its solar ingots and wafers.

TRADING RECORD

The following is a summary of the Original Group's combined results for each of the three years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2006 and 2007 and the Original Group's combined balance sheet data as at 31 December 2004, 2005 and 2006 and 30 September 2007, as extracted from the accountants' report set out in appendix I to this prospectus. The results were prepared on the basis of the presentation as set out in the above-mentioned accountants' report. The combined results for the nine months ended 30 September 2006, which are extracted from the accountants' report are unaudited.

Summary of Combined Income Statement Data

	Years ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	57,658	173,697	413,303	277,730	715,390
Cost of sales	(47,115)	(104,797)	(244,240)	(161,607)	(514,399)
Gross profit	10,543	68,900	169,063	116,123	200,991
Other revenue	585	2,648	5,458	1,301	78,962
Other net loss	(42)	(480)	(1,185)	(553)	(3,823)
Selling and distribution expenses	(474)	(915)	(2,125)	(1,345)	(2,841)
Administrative expenses	(2,624)	(7,311)	(15,186)	(10,630)	(23,923)
Profit from operations	7,988	62,842	156,025	104,896	249,366
Finance costs	(733)	(2,422)	(3,875)	(3,469)	(5,351)
Profit before taxation	7,255	60,420	152,150	101,427	244,015
Income tax	(325)	(3,417)	(4,034)	(2,608)	(8,441)
Profit for the year/period	6,930	57,003	148,116	98,819	235,574
Attributable to:					
Equity shareholders of the Company	4,941	41,303	109,670	72,487	211,326
Minority interests	1,989	15,700	38,446	26,332	24,248
Profit for the year/period	6,930	57,003	148,116	98,819	235,574
Dividends:					
Final dividend proposed after the balance sheet date *(Note 1)*	6,322	47,569	113,658	–	–
Earnings per share *(RMB cents)*					
– Basic	0.99	8.26	21.93	14.50	42.27

Note:

1. Dividends payable prior to the Listing of RMB113,658,000 have been settled with the Group's operating cash flow.

Summary of Combined Balance Sheet Data

	31 December			30 September
	2004	2005	2006	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	15,645	93,222	115,258	160,701
Lease prepayments	–	7,933	7,772	26,621
Prepayments for acquisition of property, plant and equipment	2,321	8,097	10,715	52,332
Deferred tax assets	15	198	755	1,860
	17,981	109,450	134,500	241,514
Current assets				
Inventories	6,592	15,516	127,571	142,383
Trade and other receivables	20,706	82,606	85,152	191,977
Current tax recoverable	–	653	–	–
Pledged deposits	10,000	1,004	5,508	310
Cash and cash equivalents	20,317	35,554	46,704	301,445
	57,615	135,333	264,935	636,115
Current liabilities				
Short-term bank loans	20,429	61,400	40,000	192,000
Trade and other payables	6,929	13,518	88,183	100,300
Current tax payable	210	625	1,102	11,351
	27,568	75,543	129,285	303,651
Net current assets	30,047	59,790	135,650	332,464
Total assets less current liabilities	48,028	169,240	270,150	573,978
Non-current liabilities				
Municipal government loan	–	1,888	2,785	2,864
Deferred income	150	13,093	12,559	24,726
	150	14,981	15,344	27,590
Net assets	47,878	154,259	254,806	546,388

On 26 June 2007, the Original Group acquired the Acquired Group. A gain on acquisition of approximately RMB74.8 million was recorded by the Group during the nine months ended 30 September 2007. The gain mainly represented the excess of the fair value of the acquired net assets over the cost of acquisition. For additional information on the combined results of the Original Group and the Acquired Group, please refer to the section headed "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations" and appendices I and II to this prospectus.

UNAUDITED PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2007

Unaudited estimated combined profit attributable to the equity shareholders of the Company *(Notes 1 and 2)*	not less than RMB290 million (approximately HK$310 million)
Unaudited pro forma estimated basic earnings per Share *(Note 5)*	not less than RMB0.17 (approximately HK$0.18)

Notes:

(1) The bases and assumptions on which the above unaudited profit estimate for the year ended 31 December 2007 have been prepared are summarised in appendix IV to this prospectus.

(2) The unaudited estimated combined profit attributable to the equity shareholders of the Company for the year ended 31 December 2007 prepared by the Directors is based on the audited combined results of the Group for the nine months ended 30 September 2007, the Group's unaudited combined management accounts for the two months ended 30 November 2007 and an estimate of the combined results of the Group for the one month ended 31 December 2007. The estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by the Group as set out in note 1 of section C of the accountants' report, contained in appendix I to this prospectus.

(3) The unaudited estimated combined profit attributable to the equity shareholders of the Company for the year ended 31 December 2007 includes individually significant non-recurring items: (i) gain on acquisition of the Acquired Group of approximately RMB74.8 million recorded by the Original Group, which represents the excess of the fair value of the acquired net asset over the cost of acquisition; (ii) as a result of the fair value adjustment of inventory, the cost of sales increased by approximately RMB18.0 million and income tax expenses thereon decreased by RMB3.3 million; and (iii) a non-operating expense of approximately RMB8.9 million arose for the year related to the allotment of certain shares of a subsidiary of the Company as employee incentive compensation, details of which are disclosed in the subsection headed "Shares offered to certain senior management, employees and consultants of the Group" under the section headed "Director, senior management, staff and compliance advisor" of, and appendix I to, this prospectus. For more details of the acquisition of the Acquired Group by the Original Group, please refer to the subsection headed "Reorganisation" under the section headed "History and Business Development" section of this prospectus.

(4) The unaudited estimated combined profit attributable to the equity shareholders of the Company for the year ended 31 December 2007 does not include the pre-acquisition combined profit of the Acquired Group of approximately RMB48.5 million during the year. Moreover, as a results of the Reorganisation, all the subsidiaries of the Group had become directly or indirectly owned by the Company in 2007. If such group structure had been in place since 1 January 2007, there would not be a profit attributable to the minority interests of the Group during 2007. According to the audited financial statements of the Original Group for the period ended 30 September 2007, the profit attributable to the minority interests amounted to approximately RMB24.2 million.

(5) The unaudited pro forma estimated basic earnings per Share is calculated by dividing the unaudited estimated combined profit attributable to equity shareholders of the Company for the year ended 31 December 2007 and a total of 1,690,766,500 Shares in issue, assuming that the Global Offering has been completed on 1 January 2007 (without taking into account any shares that may be issued upon the exercise of options granted under the Shares Option Scheme).

OFFERING STATISTICS

	Based on the minimum indicative Offer Price of HK$4.08 per Share	Based on the maximum indicative Offer Price of HK$4.88 per Share
Market capitalisation of the Shares *(Note 1)*	HK$6,898 million	HK$8,251 million
Estimated price/earnings multiple *(Note 2)*	22.3 times	26.6 times
Unaudited pro forma net tangible assets per Share *(Note 3)*	HK$0.91 (RMB0.85)	HK$1.03 (RMB0.96)

Notes:

(1) The calculation of the market capitalisation of the Shares is based on 1,690,766,500 Shares in issue immediately after completion of the Global Offering but does not take into account any Shares which may fall to be issued upon the exercise of any options that may be granted under the Share Option Scheme.

(2) The calculation of estimated price/earnings multiple on a pro forma basis is based on the unaudited pro forma estimated earnings per Share for the year ended 31 December 2007 as set out in the subsection "Unaudited profit estimate for the year ended 31 December 2007" above at the minimum and the maximum indicative Offer Price of HK$4.08 and HK$4.88, respectively.

(3) The unaudited pro forma net tangible assets per Share has been arrived at after the adjustments referred to in the paragraph headed "Unaudited pro forma adjusted net tangible assets" in the section headed "Financial Information" in this prospectus and on the basis of 1,690,766,500 Shares in issue at the minimum and the maximum indicative Offer Price of HK$4.08 and HK$4.88 per Share respectively immediately following completion of the Global Offering but without taking into account any Shares which may fall to be issued upon the exercise of any options that may be granted under the Share Option Scheme.

DIVIDENDS

Subject to the availability of the Company's cash and distributable reserves, the Group's investment requirements, and the Group's cashflow, working capital and other requirements, the Directors currently intend to declare and recommend dividends which would amount to not less than 30% of the net profit, if any, from ordinary activities for the first financial year subsequent to the Global Offering.

The above intention does not amount to any guarantee or representation or indication that the Company must or will declare and pay a dividend in such manner or declare and pay any dividend at all, either in the first financial year subsequent to the Global Offering or thereafter. Particulars of the dividend policy to be adopted by the Group following the Listing are set out in the subsection headed "Dividends and distributable reserves" under the section headed "Financial Information" of this prospectus. The dividend policy is subject to review by the Directors at any time and the Company may determine not to pay any dividends as a result of such review.

USE OF PROCEEDS

The Directors believe that the net proceeds of the Global Offering will finance the Group's capital expenditure and business expansion, strengthen the Group's capital base and improve its financial position.

The net proceeds of the Global Offering to be received by the Company after deducting related expenses, and assuming an Offer Price of HK$4.48 per Share (being the mid-point of the stated range of the Offer Price of between HK$4.08 and HK$4.88 per Share), are estimated to amount to approximately HK$1,059.5 million (approximately RMB990.2 million). To effect the Group's future plans (details of which are more particularly set out in the section headed "Future Plans and Use of Proceeds — Future plans and prospects" in this prospectus), the Group currently intends to apply the net proceeds as follows:

(1) approximately HK$321.0 million (approximately RMB300.0 million) is to be injected into Jinzhou Rinxi as capital for the expansion of the ingot manufacturing and wafer production capacity, which will be mainly used for the purchase of machinery and equipment;

(2) approximately HK$78.0 million (approximately RMB72.9 million) is to be injected into Jinzhou Jingji as its initial capital contribution for the expansion of the wafer production capacity and approximately HK$58.5 million (RMB54.7 million) is reserved for Jinzhou Jingji's future development;

(3) approximately HK$190.0 million (approximately RMB177.6 million) is intended to be used for the investment in polysilicon supplies, including the potential investment in the solar grade polysilicon manufacturer under the framework agreement (please refer to the sub-section headed "Competition and Challenges" in the section headed "Business" for further details), which amounted to approximately HK$66.8 million (approximately RMB62.4 million);

(4) approximately HK$101.7 million (approximately RMB95.0 million) will be used for the repayment of bank loans;

(5) approximately HK$100.0 million (approximately RMB93.4 million) for the prepayment of raw materials to secure stable source of high purity polysilicon raw materials at a stable price, which are mostly purchased on advance payment for its current production, as well as to cater for the expansion of production capacity of the Group from 100 ingot pullers as at the Latest Practicable Date to 196 ingot pullers by the second quarter of 2008;

(6) approximately HK$60.0 million (approximately RMB56.1 million) for potential acquisitions and strategic investments consistent with business strategies;

(7) approximately HK$44.4 million (approximately RMB41.5 million) for research and development on thinner wafer slicing, larger wafer size and lower cost of production process; and

(8) the balance of approximately HK$105.9 million (approximately RMB99.0 million) as working capital.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range, the Company will receive additional net proceeds of approximately HK$98.4 million (approximately RMB92.0 million) when compared to the net proceeds for the Company with the Offer Price being determined at the mid-point of the stated range, approximately HK$60 million (RMB56.1 million) additional funding will be applied to the investment in polysilicon suppliers, approximately HK$20.1 million (RMB18.7 million) additional funding will be applied to potential acquisition and strategic investments, approximately HK$8.5 million (RMB8.0 million) additional funding will be applied for research and development, and approximately HK$9.8 million (RMB9.2 million) additional funding will be applied to working capital.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range, the net proceeds of the Global Offering will decrease by approximately HK$98.4 million (approximately RMB92.0 million) when compared to the net proceeds received by the Company with the Offer Price being determined at the mid-point of the stated range. Under such circumstances, the Company intends to reduce approximately HK$40.1 million (RMB37.4 million) in the application of prepayment for raw material supplies, and approximately HK$48.5 million (RMB45.4 million) for acquisition and strategic investments and approximately HK$9.8 million (RMB9.2 million) in the application of working capital.

The current plan of the Group is to acquire or invest in investment targets which will increase the Group's wafer production capacity. The Group has not, at this stage, identified any specific investment targets nor entered into any legally binding agreement or arrangement with respect to the investments mentioned above and there is no acquisition in progress. The above use of proceeds are allocated based on the current business plan of the Group on capital expenditure and future development. As such, the proceeds raised under the Global Offering and allocated may not be sufficient for the Group to complete all the future investment plans. Future acquisitions may have to be funded through various means including but not limited to debt financing and equity funding.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors intend to place such proceeds on short term deposits and/or money-market instruments with licensed banks or financial institutions in Hong Kong and/or China.

Further information in relation to the future plans of the Group and the use of proceeds of the Global Offering is set out in the section headed "Future Plans and Use of Proceeds" of this prospectus.

The net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering after deducting the related expenses, and assuming an Offer Price of HK$4.48 per Offer Share (being the mid-point of the proposed Offer Price range) are estimated to amount to approximately HK$706.3 million (approximately RMB660.1 million) assuming the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full and taking into account the effect of the Over-allotment Option only, assuming an offer price of HK$4.48 per Share (being the mid-point of the proposed Offer Price range), the Selling Shareholders will receive additional net proceeds of approximately HK$275.5 million (approximately RMB257.5 million). The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering and the exercise of the Over-allotment Option. All of the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering and the exercise of the Over-allotment Option will be for the account of the Selling Shareholders.

RISK FACTORS

The Directors believe that there are certain risks involved in the Group's operations. They can be broadly categorised into (i) risks relating to the Group, (ii) risks relating to the industry, (iii) risks relating to the PRC, and (iv) risks relating to the Global Offering.

Risks relating to the Group

- The Group's profit margins and operating results may be adversely affected by increases in the price of raw materials or any shortage of raw material supplies
- The Group is exposed to payment delays and/or default by its customers
- Any failure by the Group to maintain relationships with its large customers would have an adverse effect on its business
- The Group does not have long-term sales contracts of more than one year with most of its customers, as a result, customers may adjust sales prices or terminate their respective relationships with the Group at any time without cause and almost immediately
- The Group may not be able to continue to obtain some of its equipment from a small number of selected suppliers in a timely manner, thus disrupting its business operations
- The Group's research and development efforts and planned technology upgrades may be unsuccessful
- The Group's new expansion plans require substantial capital expenditures, significant engineering efforts and dedicated management attention, and the Group's failure to complete these plans would have a material adverse effect on the growth of the Group's sales and earnings
- The Group undertook and may continue to undertake acquisitions, investments, joint ventures or other strategic alliances and such undertakings may be proved unsuccessful
- If the Group fails to manage its growth effectively, its business may be adversely affected
- The Group currently lacks a manufacturing execution system, or MES, an enterprise resources planning, or ERP and a logistics management system, and its current management information system may not be sufficient to handle its growing operations
- Any failure to maintain an effective quality control system at the Group's manufacturing facilities could have a material adverse effect on the Group's business and operations
- If the Group is unable to implement its technological improvements, the Group may be unable to achieve sufficient cost reductions so as to maintain or improve its competitiveness
- The Group's ability to enter into the international PV products market may be limited by risks associated with marketing and sale of its products abroad

- The Group plans to appoint exclusive distributor to sell part of its products, which is unprecedented in the Group's operation. Any failure of such appointment may adversely affect the Group's operation

- Market demand for and prices of the Group's products may be depressed by future economic downturns and its customers' industries

- Due to the limited operating history, evaluating the Group's business may be difficult

- The Group may experience difficulty in achieving acceptable manufacturing yields, product performance and delivery times as a result of manufacturing problems

- Failure to achieve satisfactory output of monocrystalline silicon products could result in a decline of sales

- Production may be interrupted, limited or delayed if the Group cannot maintain sufficient or stable sources of water and electricity

- The Group's insurance coverage may not be sufficient to cover the risks related to its business operations

- The Group's normal operations are largely dependent on the Group's senior management and employees

- The Group may not be able to adequately protect its intellectual property, which could adversely affect business operations

- The Group may be exposed to infringement or misappropriation claims by third parties

- The Substantial Shareholders' interests may not be aligned with the interests of the Group and other shareholders

- Advance payment arrangements between the Group and most of its suppliers and equipment suppliers expose the Group to the credit risks of such suppliers, which could in turn have a material adverse effect on the Group

- The operations of Shanghai Plant may be affected if it is required to be relocated

- The Group suffered from slower inventory turnover in 2006 and the nine months ended 30 September 2007 and there may be a significant change in inventory levels in the future

- Product defects could result in increased costs, damage to the Company's reputation, value and market share

- Unexpected equipment failures or accident may lead to production curtailments, personal injuries or damages to properties

Risks relating to the industry

- Intensified competition among domestic and foreign suppliers solar products manufacturers may reduce the Group's profitability

- The Group's results of operation may be materially and adversely affected by any significant reduction in or discontinuation of government subsidies and economic incentives

- A change in the Group's tax benefits, including preferential corporate tax rates and the reduction in VAT rebate in the PRC may have a negative impact on the Group's results of operations

- Any introduction of new technology or new raw material to the PV industry may adversely affect the demand of the Group's products

- Compliance with environmental regulations can be expensive, and non-compliance may result in adverse publicity and potentially significant monetary damages and fines or suspension of the Group's business operations

Risks relating to the PRC

- Changes in the regulatory, economic and political environment in the PRC and policies adopted by the government to regulate its economy may adversely affect the business, operating results and financial condition of the Group

- The PRC legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to the Group

- It may be difficult to effect service of process upon the Group or the Directors or executive officers who reside in the PRC and Taiwan, or to enforce against the Group or them in the PRC and Taiwan any judgments obtained from non-PRC courts or non-Taiwan Courts

- The payment of dividends by the subsidiaries of the Company incorporated in the PRC is subject to restrictions under PRC law

- Fluctuation in the value of the Renminbi may have a material adverse effect on the Group's financial condition

- Fire, severe weather, flood or earthquake could cause significant damage to the Group's production plants in the PRC and disrupt its business operations

- The spread of SARS, an outbreak of the H5N1 strain of bird flu (avian influenza) or any other similar illnesses or epidemic may have a negative impact on the Group's business and operating results

Risks relating to the Global Offering

- Future sales of securities by the Company or its shareholders may decrease the value of an investment
- There has been no prior market for the Shares and the Global Offering may not result in an active or liquid market for these securities, which may adversely affect the market price of the Shares
- The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices may be volatile
- Future sales by the Company's current shareholders of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares
- WWX's may be required to divest their investments in the Company due to the Company's further investment in the PRC
- The trading price of the Shares may be volatile
- The Group's results of operations are difficult to predict, and if the Group does not meet the market expectations, the price of the Group's shares will likely to decline
- The interest of the Shareholders may be diluted as a result of additional equity fund raising
- There are risks associated with forward-looking statements
- Prior dividend policy and past dividends declared should not be used as an indicator for future dividends
- Prospective investors should not place any reliance on any information contained in the press coverage regarding the Group and the Global Offering

Disputes involving Mr. TAN and his associates

In June 2006, Huaxin Silicon, an entity owned by Mr. TAN, entered into a financial consultancy agreement with an independent financial advisor (the "Financial Advisor") under which, among other provisions, the Financial Advisor would advise Huaxin Silicon on its reorganisation, introduce Huaxin Silicon to strategic investors and provide financial consulting services with respect to a proposed initial public offering in Hong Kong of Huaxin Silicon's interests in Jinzhou Yangguang, Jinzhou Huari, Jinzhou Huachang and Jinzhou Xinri (the "Jinzhou Cos"). In October 2006, Mr. TAN entered into a non-legal binding term sheet (the "Term sheet") with an investment company (the "Investor"), which is an Independent Third Party, for and on behalf of and in the name of an offshore company which Mr. TAN was offered to purchase from a director of the Financial Advisor, who introduced the Investor to Huaxin Silicon. The offshore company was proposed to be the intermediate holding vehicle to hold Huaxin Silicon's interests in the Jinzhou Cos. It was intended that the Investor would invest into such vehicle, but the transaction did not proceed. Huaxin Silicon delivered a notice to the Financial Advisor to terminate the financial consultancy agreement in February 2007.

In April 2007, Mr. TAN received from the Investor a demand for compensation of US$30,110,000, of which US$110,000 was the expenses allegedly incurred in connection with carrying out due diligence pursuant to the Term sheet and the balance of US$30,000,000 was the alleged loss of profit for not being able to invest in the aforesaid listing vehicle.

Mr. TAN has sought legal advices and was advised that he has a reasonable ground to defend his case.

In early September 2007, the Financial Advisor re-approached Mr. TAN (i) claiming the termination of the financial consultancy agreement by Huaxin Silicon in February 2007 was not valid and requesting the continuous performance of the agreement, namely the reorganization of Huaxin Silicon's interests in Jinzhou Cos for listing, introduction of investor to Huaxin Silicon and serving as the coordinator of the Company's initial public offering in Hong Kong; and (ii) seeking compensation from Huaxin Silicon. On 25 September 2007, Huaxin Silicon made an application to the 錦州市太和區人民法院 (The People's Court of Taihe District, Jinzhou) to request the court to declare that the financial consultancy agreement between Huaxin Silicon and the Financial Advisor had been validly terminated. The first instance hearing was heard on 19 November 2007 and the judgment in favour of Huaxin Silicon was handed down on 21 November 2007. The Financial Advisor had made an application to appeal against the judgment. The appeal judgment which, amongst others, upheld the lower court's judgment was handed down on 27 December 2007. According to the advice of the Company's PRC legal advisor, the appeal judgment is the final judgment in respect of the matter.

Since the above claim and threatened litigation are against Huaxin Silicon and/ or Mr. TAN and not against the Company, the Directors believe that the financial and operation positions of the Company will not be materially adversely affected by such disputes.

On 12 January 2008, Mr. TAN entered into a deed of indemnity with the Company (for itself and its subsidiaries) that he will indemnify the Company and its subsidiaries any costs, expenses and losses suffered or incurred arising out of or in connection of any litigation or arbitral proceedings in respect of the above mentioned disputes.

For further details on the threatened and potential litigation and details of the indemnity by Mr. TAN, please refer to the subsection headed "Disputes involving Mr. TAN and his associates" in the section headed "Substantial Shareholders".