Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider the following risks and special considerations associated with an investment in the Group and/or the Company before making any investment decision in relation to the Offer Shares, the Group and/or the Company. The occurrence of any of the event mentioned below could have a material adverse effect on the business, results of operation, financial condition and future prospects of the Group and cause the market price of the Offer Share to fall significantly.

This prospectus contains certain forward-looking statements regarding the Directors' or the Group's plans, objectives, expectations and intentions which involve risks and uncertainties. The Group's actual results could differ materially from those described in this prospectus. Factors that could cause or contribute to such differences include those described below as well as those described elsewhere in this prospectus.

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 requires large quantities of raw materials, including polysilicon, for producing monocrystalline silicon ingot and monocrystalline silicon wafer. There is currently an industry-wide shortage of polysilicon primarily as a result of the growing demand for solar power products. As a result, the market price of polysilicon has significantly increased in recent years. The Group expects that there will be an upward pressure on the market price of polysilicon in the foreseeable future.

The Group currently procures raw materials from about 30 suppliers. Nevertheless, there is no assurance that it can secure adequate supply at commercially viable prices to meet the Group's production requirements. To reduce the reliance on virgin polysilicon, the Group uses a substantial portion of reclaimable polysilicon raw materials resulted from its production. However, there is no guarantee that the Group would not suffer from any shortages in raw material supplies in the future. A shortage of any raw materials could result in the Group's inability to operate its production facilities at full capacity, thereby reduced production output and sales revenue.

Additionally, the Group does not have long term supply contracts with its independent raw material suppliers, therefore, the Group lacks such long-term contractual relationships that would guarantee consistent supply of raw materials from these suppliers. If raw material price increases more rapidly than the selling prices of the Group's products and/or the Group may not be able to source a sufficient supply of raw material at an acceptable level of quality or cost, hence the Group's financial conditional and results of operation would be adversely affected.

For each of the three years ended 31 December 2004, 2005, 2006 and the nine months ended 30 September 2007, the Original Group incurred approximately RMB30.9 million, RMB69.5 million, RMB257.4 million and RMB262.7 million, respectively, for purchases of raw materials. For each of the three years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007, the Acquired Group incurred approximately RMB31.2 million, RMB46.6 million, RMB58.8 million and RMB22.0 million, respectively, for purchases of raw materials. Between 2004 to 2006, the prices of raw materials, especially polysilicon, were volatile. That was due to the surge in demand for such raw material resulting from the rapid development of the solar industry. The Original Group and the Acquired Group managed such fluctuations in raw material prices by transferring incremental costs to its customers. However, the Group's practice is not to completely pass the increased raw material costs onto its customers in order to gain customer loyalty so long as the Group is able to maintain a reasonable profit margin. The average selling prices of the monocrystalline silicon ingots sold by the Original Group were RMB596, RMB994, RMB1,189 and RMB1,290 per kg for the years ended 31 December 2004, 2005, 2006 and the nine months ended 30 September 2007, respectively. The average selling prices of monocrystalline silicon wafers manufactured by the Original Group were RMB44.9 per piece and RMB46.0 per piece for the year ended 31 December 2006 and for the nine months ended 30 September 2007, respectively. However, the Group's profit margins may be adversely affected if there are constant upward adjustments of the costs in the raw materials.

The Group is exposed to payment delays and/or default by its customers

The Original Group allows its customer a credit period of 30 to 90 days generally and the Original Group's average trade receivable turnover days for 2004, 2005, 2006 and the nine months ended 30 September 2007 were 22, 18, 36 and 36 days, respectively. The Acquired Group allows its customer a credit period of 30 to 90 days generally, and the Acquired Group's average trade receivable turnover days for 2004, 2005, 2006 and the six months ended 30 June 2007 were 72, 52, 71 and 80 days, respectively. There is no assurance that the Group's customers will meet their payment obligations on time or in full or that the Group's average trade receivable days will not increase. Any inability on the part of its customers to settle or settle promptly or at all the amounts due to the Group may cause the Group's financial performance and operating cash flows to be adversely affected.

Note: For 2007, as the trade receivable balances as at 30 September 2007 of the Original Group were consolidated with those of the Acquired Group, the trade receivable turnover days for the nine months ended 30 September 2007 of the Original Group is calculated based on the average balance of the unaudited pro forma trade receivable balance of the Enlarged Group as at 31 December 2006 and the audited trade receivable balance of the Original Group as at 30 September 2007 divided by the unaudited pro forma turnover of the Enlarged Group for the nine months ended 30 September 2007, which is then multiplied by 273 days.

Any failure by the Group to maintain relationships with its large customers would have an adverse effect on its business

The Group's customers primarily includes local and foreign solar energy cells and modules manufacturers. Aggregate sales attributable to the five largest customers represented approximately 92.1%, 81.7%, 55.7%, and 60.7% of the Original Group's total turnover for 2004, 2005 and 2006 and for the nine months ended 30 September 2007, respectively. Sales to the largest customer represented approximately 60.6%, 39.3%, 14.2%, and 27.2%, of the Original Group's total turnover for the same periods, respectively. Aggregate sales attributable to the five largest customers represented approximately 53.2%, 52.0%, 49.2%, and 79.2% of the Acquired Group's total turnover for 2004, 2005 and 2006 and for the six months ended 30 June 2007, respectively. Sales to the largest customer represented approximately 17.7%, 17.4%, 21.6%, and 36.1% of the Acquired Group's total turnover for the same periods, respectively. In the event that the Group fail to maintain its relationships with these customers, the Group may not be able to continue to sell products to these customers at current levels or at all. Moreover, as many of the Group's large customers are also major suppliers of raw materials to the Group, any failure by the Group to maintain relationship with these entities may also adversely affect its ability to secure raw materials. In addition, the Group's business could also be affected by competition in the solar silicon monocrystalline market, and any decline in the major customers' businesses in such market could lead to a decline in purchase orders to the Group. If any of the top five largest customers were to substantially reduce the size of the orders it places with the Group or were to terminate its business relationship with the Group entirely, the Group may not be able to obtain orders from other customers to replace such lost sales on comparable terms or at all. If any of these relationships were to be so altered and the Group was unable to obtain replacement orders, the business, results of operations and financial condition will be materially and adversely affected.

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 does not enter into long-term sales contracts with most of its customers with terms over one year due to the tight supply of polysilicon save for the distribution agreement with Sumitomo. The sales prices for the Group's products are constantly adjusted in accordance with the market situation. In addition, the customers may terminate their respective relationship with the Group any time without cause and almost immediately. Furthermore, the customers are not obligated in any way to continue placing orders with the Group at their respective historical levels or at all. If any of the Group's customers, particularly the key customers, were to materially reduce their orders with the Group or were to terminate entirely their business relationship with the Group, the Group's business may be adversely affected as it may not have sufficient notice to locate alternative customers.

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

Some of the equipment used in the Group's production of monocrystalline silicon ingots and wafers, such as ingot pullers and wiresaws, have been customized to the Group's specifications, and therefore are not readily available from other equipment suppliers and would be difficult to repair or replace. The Group sourced its ingot pullers from three domestic suppliers in the PRC and its wiresaws from a machine manufacturer in Switzerland, all of them are Independent Third Parties. If any of the Group's key equipment suppliers were to experience financial difficulties or go out of business, the Group may have difficulties with repairing or replacing the customized equipment in the event of any damage to or a breakdown of such equipment. In such cases, the Group's ability to deliver products timely would be weakened, which in turn could result in cancellation of orders from the Group's customers and loss of revenue of the Group. In addition, the equipment the Group needs for its production and expansion plan is in high demand. A supplier's failure to deliver the equipment timely, in sufficient quantity and on terms acceptable to the Group could delay the Group's expansion plans and otherwise disrupt the production schedule or increase the production costs of the Group.

The Group's research and development efforts and planned technology upgrades may be unsuccessful

To achieve higher return from its existing operations, the Group intends to increase the production of monocrystalline silicon wafers. The Group's own research and development team is expected to play a crucial role in improving the related production methods and processes. However, research and development activities require considerable human resources and capital investment and the benefits of such investment may not yield immediate tangible benefits. The Group cannot assure investors that its research and development efforts will be rewarding. Even if such efforts are successful, the Group may not be able to apply the new production method to its products and at the time are accepted by the market. If the Group's research and development efforts fail to support the implementation of its strategy, the Group may not be able to maintain or improve its competitive position and results of operations and its research and development expenses may be wasted. As the know-how has been developed during the production process, there was no separate account for research and development cost. Nevertheless, of the research and development project conducted in the past by the Original Group, RMB300,000, nil, RMB2,106,307 and RMB967,873 incurred in year 2004, 2005, 2006 and the nine months ended 30 September 2007, respectively, were subsidized by government grants.

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's future success depends, to a large extent, on its ability to expand its production capacity. If the Group is unable to do so, it will not be able to attain the desired level of economies of scale in the Group's operations or cut the marginal production cost to the level necessary to effectively maintain its pricing and other competitive advantages. The Group expects that it will make substantial capital expenditures for the future growth. This expansion has required and will continue to require substantial capital expenditures, significant engineering efforts and dedicated management attention, and is subject to significant risks and uncertainties, including:

- the Group will be required to obtain governmental approvals, permits or documents of similar nature in respect of any new expansion projects, but it is uncertain whether such approvals, permits or documents will be obtained on time or at all;

- the Group may experience cost overruns, delays, equipment problems and other operating difficulties;

- the Group is using new equipment and improving production method to lower the unit capital and operating costs, but such effort may not be successful; and

- the Group may not have sufficient experienced management to properly carry out and monitor such expansion plans.

Furthermore, the Group may require additional funding to develop its expansion plans in order to implement its business strategies. If internally generated cash resources and available bank facilities are insufficient to finance these activities, the Group may be required to seek funding from third parties. In the event the Group is unable to obtain adequate financing on acceptable terms, or at all, to satisfy its operation, development and expansion plans, its business and results of operations may be materially and adversely affected.

Any of these or similar difficulties could significantly delay or otherwise constrain the Group's ability to undertake its capacity expansion plans as currently planned, which in turn would limit its ability to increase sales, reduce marginal manufacturing costs or otherwise improve its prospects and profitability.

The Group undertook and may continue to undertake acquisitions, investments, joint ventures or other strategic alliances and such undertakings may be proved unsuccessful

The Group plans to grow both organically and through acquisitions, participation in joint ventures or other strategic alliances with companies in China and overseas along the PV industry value chain. Joint ventures and strategic alliances may expose the Group to new operational, regulatory and market risks as well as risks associated with additional capital requirements.

Acquisitions of companies or businesses and participation in joint ventures or other strategic alliances are subject to considerable risks, including: the Group's inability to integrate new operations, personnel, products, services and technologies; certain unforeseen or hidden liabilities; the diversion of resources from the existing businesses; disagreement with joint venture or strategic alliance partners; and the Group's inability to generate sufficient revenues to offset the costs and expenses of acquisitions, strategic investments, joint venture formations or other strategic alliances. The Group may fail to derive the intended benefits of the acquisitions, strategic investments, joint ventures or strategic alliances, and the Group may be even unable to recover the investment in such initiatives.

If the Group fails to manage its growth effectively, its business may be adversely affected

The Group has experienced a period of rapid growth and expansion that has placed, and continues to place, significant strain on the Group's management personnel, systems and resources. To accommodate the Group's growth, the Group anticipates that it will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of the Group's accounting and other internal management systems, all of which require substantial management efforts. The Group will also need to continue to expand, train, manage and motivate the Group's workforce, manage the Group's customer relationships and manage the Group's relationship with its suppliers and customers. All of these endeavors will require substantial management effort and skill and incurrence of additional expenditures. The Group might not be able to manage its growth effectively, and any failure to do so may have a material adverse effect on its business and operations.

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

Like many other PRC-based companies, the Group's management presently does not have nor has it historically had an MES or a logistics management system. The management has up until now managed the business, including product planning, purchasing, maintaining inventories, interacting with suppliers, providing customers services, and tracking orders, without the aid of an MES or a logistics management system. This was mainly because the production and sales process was simple. Various functions of the Group's operation are supported by different unconsolidated information systems. Notwithstanding there was no MES, ERP or logistics management system, the accounting software adopted by the Group was capable of collecting data and producing worksheet for auditing and management review.

In addition to manufacturing and sale of ingots and wafers, the Original Group occasionally processed ingots and wafers for its customers. Though the sale attributable from different categories are recorded, given the main cost structures of the ingots or wafers manufactured by the Company for sale or for processing are substantially the same, historically the Group has not maintained separate accounts for costs of sales in respect of each of the product categories. As such, it is not possible to analyse the previous gross profits of different product segments accurately. With the expansion of the production size and capacity of the Group, ERP and various management information systems would be introduced in the near future to help the management to conduct in-depth analysis of the Group's production.

The Directors believe that an MES or an ERP or a logistics management system shall be adopted in order to meet the increasing need of the growing business. However, there is no assurance that the Group will be able to obtain, develop or otherwise implement an adequate MES, ERP and a logistics management system on commercially reasonable terms, if at all. Failure to maintain, acquire, implement or utilize, in a cost-effective manner, effective information systems, or any significant interruption to the Group's information systems, could materially disrupt the Group's business and operations and slow the realization of the Group's strategies.

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

The performance and quality of the products are critical to the success of the Group's business. These factors depend significantly on the effectiveness of the Group's quality control systems, which in turn, depends on a number of factors, including the success of quality training program to its staff, and the Group's ability to ensure its employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of the Group's quality control systems could have a material adverse effect on the Group's business prospects and results of 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

One of the goals of the Group's research and development projects is to develop and refine its production technologies for quality solar silicon monocrystalline production. Failure to achieve technological improvements or implement such improvements in commercial applications may impede the Group's efforts to reduce unit production costs and correspondingly weaken its efforts to strengthen its competitiveness against major international producers.

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

In 2005 and 2006, the Original Group generated 64.5% and 34.0%, respectively, of its revenue, and the Acquired Group generated 9.9% and 30.3%, respectively of its revenue, from customers outside of China, including customers in Japan and certain European countries.

The Group intends to further grow the business activities in international markets, in particular in Japan, where the Group believes the PV market is likely to grow significantly in the forseeable future. The marketing and sales of the Group's products to international markets requires it to respond timely and effectively to rapid changes in market conditions in the relevant countries and expose the Group to a number of risks, including perception of overseas customers of the product quality of Chinese manufacturers, fluctuations in foreign currency exchange rates and trade barriers. In addition, the Group may not be able to understand the local markets, follow their trends, and provide customer service and support in these markets. Moreover, the Group may fail to manage overseas operations, develop appropriate risk management systems, or obtain certifications for its products or services.

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

In the past, the Group directly entered into sale and purchase contract with its customers. In view of the planned increase in the production size and the cost in conducting marketing overseas, the management has decided to expand the Group's sales by appointing exclusive distributors in some foreign markets. To this end, the Group has entered into a one year exclusive distributorship agreement with Sumitomo for the Japanese market. Given the Group's inexperience in granting distributorship, there is no assurance that such distributorship arrangement will be successful and will lead to the desired effect of expanding the Group's market share in the Japanese market. In addition, any failure of such distributorship may adversely affect the Group's further expansion in the Japanese market and the operation and financial positions of the Group.

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

The Group's customers' ability and willingness to purchase its products often depend on the operating results of their own businesses. Demand for the Group's products is sensitive to general economic conditions in the PRC and the international solar energy market, which are driven by factors beyond the Group's control. Any future downturns in the Chinese and international economy in general could reduce its sales volume and prices, thereby adversely affecting the Group's financial position.

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

There is limited historical information available about the Group upon which investors can base their evaluation of the Group's business and prospects. The Group started selling monocrystalline silicon ingot in 2001 and wafers in 2005 and have experienced a high growth rate since then. As a result, the Group's historical results of operations may not provide a meaningful basis for evaluating the Group's business. The Group may not be able to achieve a similar growth rate in future periods. Accordingly, investors should not rely on the Group's results of operations for any prior periods as an indication of its future performance. Investors should consider the Group's business and prospects in light of the risks, expenses and challenges that the Group will face as an growth-stage company seeking to develop and manufacture new products in a rapidly growing market.

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

The solar energy industry is rapidly developing and the technology used in that industry is constantly evolving. If the Group does not anticipate the technology evolution and rapidly adopt new and innovative technology, it may not be able to produce sufficient advanced products at competitive prices. There is a risk that competitors may adopt new technology before the Group does, resulting in the Group's products becoming less attractive or obsolete, and this may cause a loss of the Group's market share. While many of the Group's products utilise established technology, if the Group does not continue to produce advanced products at competitive prices, customers may use the services or products of competitors instead of the Group's services or products, which would adversely affect the Group.

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

The manufacture of monocrystalline silicon products is a complex process. Deviations in the manufacturing process can cause a substantial decrease in output and, in some cases, disrupt production significantly or result in no output. The Group has from time to time experienced lower-than-anticipated manufacturing output during the ramp-up of production lines. This often occurs during the production of new products, the installation of new equipment or the implementation of new process technologies. As the Group brings additional lines or facilities into production, it may operate at less than intended capacity during the ramp-up period and produce less output than expected. This would result in higher marginal production costs, which could have a material adverse effect on the Group's profitability.

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

The solar monocrystalline silicon manufacturing process requires extensive amounts of water and a stable source of electricity. As the Group's production capabilities increase and its business grows, requirements for these factors will grow substantially. The Group may not have access to sufficient supplies of water and electricity to accommodate planned growth. Droughts, pipeline interruptions, power interruptions, electricity shortages and volatility or government intervention, particularly in the form of rationing, are factors that could restrict access to these utilities in the area in which its factories are located. Although the Group has back up facilities in place, if there is an insufficient or unstable supply of fresh water or electricity to satisfy its requirements, the Group may need to limit or delay production, which could adversely affect its business and operating results. In addition, a power outage, even of very limited duration, could result in a loss of ingots or wafers in production and a deterioration in yield.

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

The Group maintains property, equipment and employee injury insurance, but such insurance policies may not cover all risks associated with the hazards of its business. For instance, in accordance with customary practice in China, the Group does not carry any business interruption insurance or third party liability insurance. The Group may incur losses beyond the limits, or outside the coverage, of the Group's insurance policies, including liabilities for environmental remediation and product liability. Furthermore, the Group may not be able to obtain coverage at current levels, and the premium on the Group's insurance coverage may increase significantly, in the future.

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

The Group's future success will depend to a significant extent on the continued efforts of its senior management team and employees. The Group cannot assure investors that its key employees will not voluntarily terminate their employment with the Group. The loss of the Group's key employees, in particular Mr. HSU You Yuan and Mr. TAN, who are together responsible for the Group's overall strategic planning and management, could impair its ability to operate and make it difficult to execute its business strategies. The Group may not be able to replace such persons within a reasonable period of time or with another person of equivalent expertise and experience. In addition, Mr. TAN may be distracted from managing the Group's affairs because of the disputes with respect to a proposed investment by an investor into four of the Jinzhou Plants in 2006 as Mr. TAN may need to spend time and efforts to defend the cases, if necessary.

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 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.

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 co-ordinator 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 was handed down on 21 November 2007. The Financial Advisors had made an application to appeal against the judgment and the appeal judgment which, amongst others, upheld the lower court's judgment was handed down on 27 December 2007.

See subsection headed "Disputes involving Mr. TAN and his associates" in the section headed "Substantial Shareholders" for details.

In addition, the Group's continued success will also depend on its ability to attract and retain qualified management, manufacturing and sales personnel to manage its existing operations and future growth. Qualified individuals are in high demand and the Group may not be able to successfully attract or retain the personnel it needs, which could have a negative impact on its ability to maintain its competitive position and to expand its business.

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

The Group relies on the technological know-how it possesses in the manufacturing of ingots and wafers and in the upgrading of raw materials. Nevertheless, such know-how may not be registrable for the purpose of protecting the Group's intellectual property. The Group cannot guarantee that there is no misappropriation of its intellectual property, or that its competitors will not independently develop alternative technologies that are equivalent or superior to technologies based on the Group's intellectual property. The legal regime governing intellectual property in China is still evolving and the level of protection of intellectual property rights in China differs from those in other jurisdictions. In the event that the steps that the Group has taken and the protection afforded by law do not adequately safeguard its proprietary technical know-how, the Group could suffer losses due to the sales of competing products that exploit its intellectual property.

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

The Group's success depends, in large part, on the Group's ability to use and develop technical know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to PV technology patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The steps the Group takes in the product development to ensure that the Group is not infringing the existing intellectual property rights of others, such as review of related patents and patent applications prior to the product developments, may not be adequate. While the Group is not currently aware of any action pending or threatened against it, it may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defense and initiation of intellectual property suits and the related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of the Group's technical and management personnel. An adverse determination in any such litigation or proceedings to which the Group may become a party could subject the Group to significant liability to third parties, require the Group to seek licenses from third parties, to pay ongoing royalties, to redesign the Group's products or subject the Group to injunctions prohibiting the manufacture and sale of the Group's products or the use of the Group's technologies.

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

Mr. TAN and WWIC will own approximately 24.56% and 21.20% of the outstanding share capital upon completion of the Global Offering, respectively. The interests of Mr. TAN and WWIC may conflict with the interests of the Group's other shareholders. Mr. TAN and WWIC have significant influence over the Group, including on matters relating to the Group's strategic and operation planning, business, and the disposition of the Group's assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of the Group, which could deprive the Group's shareholders of an opportunity to receive a premium for their shares as part of a sale of the Group or of the Group's assets and might reduce the price of the Group's shares. Such resistance to a change of control may take place even if it's opposed by the Group's other shareholders, including those who purchase shares in the Global Offering.

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

Under certain existing supply contracts of the Group's polysilicon suppliers and equipment suppliers, and consistent with the industry practice, the Group makes prepayments to its suppliers prior to the scheduled delivery dates for the raw materials and equipment. Prepayments made as at 30 September 2007 by the Enlarged Group include approximately RMB57 million for raw materials and approximately RMB52 million for equipment and land. As a common practice, the Group makes the advance payments without receiving collateral for such payments. As a result, the claims for such payments would rank as unsecured claims, which would expose the Group to the credit risks of the suppliers or sellers in the event of their insolvency or bankruptcy. Under such circumstances, the Group's claims against the suppliers would be ranked below those of secured creditors, which would undermine the chances of obtaining the recovery of the advance payments. Accordingly, a default by the suppliers may have a material adverse effect on the Group's financial condition, results of operations and liquidity.

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

The Group's Shanghai Plant occupies an industrial complex with a gross land area of 5,200 sq.m. and gross floor area of 2,743.9 sq.m. provided by the local co-operative joint venture partner of Shanghai Jingji. The parcel of land was a piece of collective land and not a state-owned land. As such, the land may only be occupied and used by the registered owner of the land and not others. Shanghai Jingji paid a land use right fee of approximately RMB38,000 for the use in 2006 and 2007. According to the PRC legal advisor to the Company, Shanghai Jingji may be requested to relocate. The Directors do not consider hasty relocation for the purpose of the Listing to be beneficial to its operations. WWX, the ultimate owner of the Selling Shareholder of Solartech (which held Shanghai Jingji), has given an indemnity to the Group to indemnify the costs of relocation if relocation to a nearby area is required as a result of the lack of the long term title certificate. In addition, an affiliate of WWX has granted an option to Shanghai Jingji to lease for a period of three years from such date on which Shanghai Jingji may notify the landlord at the then prevailing market rent, part of the vacant premises located within a 30 minutes travel distance from that of the existing premises of Shanghai Jingji. As the Group leases a large area of land in the Liaoning Province and with the leasing option, the Directors are of the view that the Group can easily relocate its production plants to the land currently owned by the Group or to the nearby Shanghai premises. The Company estimates that relocation to nearby location in Shanghai would take less than 6 months with minimal disruption to its operations. Notwithstanding the above, in the event the relocation cannot be carried out as planned, the operations of the Shanghai Plant may be adversely affected.

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

The inventory turnover days of the Original Group were 51 days, 39 days, 107 days and 76 days for the years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007. The slower inventory turnover in 2006 and the nine months ended 30 September 2007 could be attributed to, amongst others, shortage of polysilicon in the solar energy industry which resulted in the Group's increase in its polysilicon raw material inventory balance to maintain a continuous and effective operation of the Group's production. The sales of the Group and thus its inventory level may also be affected by other factors such as changes in customers' demand of the Group's products, which are beyond the control of the Group's management. Should there be the emergence of circumstances which affect customers' demand in the future, there may be significant change in the Group's inventory levels.

For 2007, as the inventory balances as at 30 September 2007 of the Original Group were consolidated with those of the Acquired Group, the inventory turnover days for the nine months ended 30 September 2007 of the Original Group is calculated based on the average balance of the unaudited pro forma inventory balance of the Enlarged Group as at 31 December 2006 and the audited inventory balance of the Original Group as at 30 September 2007 divided by the unaudited pro forma cost of sales of the Enlarged Group for the nine months ended 30 September 2007, which is then multiplied by 273 days.

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

Monocrystalline silicon ingots manufactured by Jinzhou Huachang have been certified exempt from quality surveillance inspection by the State General Administration for Quality Supervision and Inspection and Quarantine. Jinzhou Yangguang, Jinzhou Huari, Jinzhou Youhau, Jinzhou Huachang and Jinzhou Xinri has been awarded GB/T 19001-2000 idt ISO 9001:2000 certificate in respect of their monocrystalline silicon ingots design, development and production, and Jinzhou Yangguang has been awarded such certification in respect of its design, development and production of wafers in mid 2006. In addition, Shanghai Jingji has been accredited with OHSAS 18001 in respect of its upgrading facilities. Notwithstanding the above mentioned award and exemption, in the event the quality of the products of the Group fails to meet the requirement of its customers, this may result in additional costs incurred to recall defective products and to provide replacement. In the event product defect occurs and remedial action is not taken promptly, the Company's reputation may be damaged which may in turn lead to loss in market share.

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

Although the equipment used in the ingot and wafer production are under regular repairs and maintenances, and can be operated independent of other machineries and equipment, any unexpected equipment failure may lead to a curtailment in the Group's ingots and/or wafer production. In addition, since ingot pullers are operated under high temperature and wiresaws with slicing compartments, any unexpected accident may lead to personal injuries or damages to properties.

RISKS RELATING TO THE INDUSTRY

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

China's solar energy market is rapidly growing. Existing domestic manufacturers have been expanding their production capacity in order to gain a larger market share. After China's accession to the WTO, tariffs on imports of silicon products have lowered and therefore the Group expects more competition from overseas suppliers of solar crystalline related products. As competition from domestic and foreign solar monocrystalline makers becomes more intense, the Group's financial position may be adversely affected.

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

Demand for the Group's products depends to a large extent on government incentives which aim to promote greater use of solar power. As the cost of generating electricity from solar power currently exceeds, and the Group believes will continue to exceed for the foreseeable future, the cost of generating electricity from conventional or non-solar renewable energy sources, the solar power industry currently relies on government support to remain commercially viable.

The scope and degree of the government incentives are largely influenced by a given country's political and policy developments in relation to the use and development of solar power. A significant reduction in the scope or discontinuation of government incentive programs would have a materially adverse effect on the demand for the Group's products as well as the Group's results of operations.

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

Pursuant to the Income Tax Law of the PRC Concerning Foreign Investment and Foreign Enterprises and various local income tax laws (the "Income Tax Laws"), the Group's PRC subsidiaries that are foreign-invested enterprises are generally subject to enterprise income tax at a statutory rate of 27%, which comprises a 24% national income tax and a 3% local income tax. Moreover, those subsidiaries are entitled to a two-year tax exemption followed by three years with a 50% reduction in tax rate, commencing the first year with assessable profit.

On 16 March 2007, the National People's Congress of the PRC adopted a new enterprise income tax law that imposes a single uniform income tax rate of 25% for most domestic enterprises and foreign-invested enterprises. This new law will be effective as of 1 January 2008. It contemplates various transition periods and measures for existing preferential tax policies, including a grace period for as long as five years for foreign-invested enterprises which are currently entitled to a lower income tax rate and continued implementation of preferential tax treatment with a fixed term until the expiration of such fixed term. In addition, under the new enterprise income tax law, foreign investors are not expressly exempted from the income tax on dividends from a foreign-invested enterprise, which exemption is currently available until the effectiveness of the new enterprise income tax law. Furthermore, the new law deems an enterprise established offshore but having its management organ in the PRC as a "resident enterprise" which will be subject to PRC tax on its global income. The term "management organ" has not yet been defined by the PRC government. The new enterprise income tax law empowers the State Council of the PRC to enact appropriate implementing rules and regulations. If the transition periods and measures for existing preferential tax policies are enacted as currently contemplated, any preferential tax treatment enjoyed by the Group's subsidiaries and associated companies will terminate at the end of the grace period, which period may be eliminated or significantly shortened by the PRC government. In addition, the PRC government may treat the Company as a resident enterprise under the new enterprise income tax law, which would adversely affect the Group's financial condition and results of operations. Moreover, the Group's historical operating results may not be indicative of its operating results for future periods as a result of changes in applicable tax laws.

As an enterprise engaging in the export of ingots and wafers, the Group was granted a tax benefit whereby the Group enjoyed a VAT rebate of 13% of its export sales of ingots and wafers prior to 1 July 2007. Cash receipt for such tax benefit amounted to approximately RMB2.1 million, RMB4.6 million, RMB4.8 million and RMB17.9 million for the Original Group for the years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007 and RMB0.3 million, RMB0.3 million, RMB2.2 million and RMB4.2 million for the Acquired Group for the years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007, respectively. Since 1 July 2007, there has been no VAT rebate for the export of ingots and the VAT rebate for wafers has been reduced to 5%. There is no assurance that there will not be any further reduction or cancellation of VAT rebate or other tax benefits.

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

The Group's products are mainly monocrystalline silicon ingots and wafers, though with high light energy conversion efficiency, are costly to produce. In the event of an introduction of new PV technology which improves the production process and thus reduces production cost but the Group is prevented from using it due to intellectual property right protection, or the discovery of other raw material which replaces silicon and thus reduces the set up cost of a solar electricity generation system, the demand of the Group's ingots and wafers may be adversely affected.

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

The Group is required to comply with all national and local regulations regarding protection of the environment. In particular, the amount and content of waste produced during the upgrading of polysilicon raw material, and ingot and wafer manufacturing are subject to PRC environmental laws and regulations. Save in respect of the renewal of the waste discharge permit of Shanghai Jingji, members of the Group are holding valid waste discharge permits. No renewal was made by Shanghai Jingji of its waste permits as a result of a general notice issued by the relevant environmental department which states that permits issued in 2002 remain valid unless there is any change in the amount or content or nature of the waste allowed to be discharged under such issued permits. However, there is a risk that management's understanding and interpretation of the aforementioned general notice may be incorrect. If any subsidiary of the Company does not properly renew its waste permits, or in any other way fails to comply with present or future environmental regulations, such subsidiary may be subject to substantial fines or damages or suspension of its business operations, and the Group's reputation, may be harmed as a consequence. In addition, compliance with environmental regulations is expensive; and if more stringent regulations are adopted by the PRC government in the future, the costs of complying with PRC environmental regulations could increase. Each of the foregoing may adversely affect the results 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 economy of the PRC differs from the economies of most countries belonging to the Organisation for Economic Cooperation and Development in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, rate of inflation and balance of payments position. Prior to 1978, the economy of the PRC was a planned economy. Since 1978, increasing emphasis has been placed on the utilisation of market forces in the development of the PRC economy. Annual and five-year State Plans are adopted by the PRC government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the PRC's industrial output, in general the PRC government is reducing the level of direct control which it exercises over the economy through State Plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "market economy" and enterprise reform. Limited price reforms have been undertaken, with the result that prices for certain commodities are principally determined by market forces. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. There can be no assurance that the PRC government will continue to pursue a policy of economic reform. The Group may not in all cases be able to capitalise on the economic reform measures adopted by the PRC government.

The Group's operations and financial results could be adversely affected by changes in PRC political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a significant portion of the economic activity in the PRC is export-driven and, therefore, is affected by development in the economies of the PRC's principal trading partners and other export driven economies.

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

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court of the PRC. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. Such uncertainties 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

Substantially all of the Group's Directors reside within the PRC and Taiwan. Substantially all of the Group's assets are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to effect service of process upon the Group or these persons in the PRC or to enforce against the Group or the Directors in the PRC, any judgments obtained from non-PRC courts. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

The PRC is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") which had historically permitted reciprocal enforcement in the PRC of awards of arbitral bodies located in other New York Convention signatory countries. On 21 June 1999, an arrangement was made between Hong Kong and the PRC for mutual enforcement of arbitration awards. This new arrangement was approved by the Supreme Court of the PRC and the Hong Kong Legislative Council and became effective on 1 February 2000.

PRC regulations of investment and loans by offshore holding companies to PRC entities may delay or prevent the Company from using the proceeds of the Global Offering to make additional capital contributions or loans to members of the Group.

Any capital contributions or loans the Company, as an offshore entity, makes to members of the Group, including from the proceeds of this offering, are subject to PRC regulations. For example, the Group's capital contributions to members of the Group must be approved by the competent authority of the MOC. In addition, the total of any offshore loans to members of the Group cannot exceed the difference between certain regulatory limits prescribed by the competent authority of the MOC less the relevant member of the Group's registered capital and total investment, and such loans must be filed with the SAFE or its authorized organization. The Group cannot assure investors that it will be able to obtain these approvals on a timely basis, or at all. If the Group fails to obtain such approvals in a timely manner or at all, its ability to capitalise the relevant members of the

Group or fund its operations or to utilise the proceeds of this offering in the manner described in "Use of Proceeds" may be negatively affected, which could adversely affect the liquidity of the relevant member of the Group and the Group's ability to grow through the members of the Group's operations.

Similarly, there is no reciprocal arrangement on enforcement of non-Taiwan court's judgment.

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

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits with regards to the subsidiaries of the Company incorporated in the PRC means their after-tax profits as determined under PRC GAAP, less any recovery of accumulated losses and allocations to statutory funds that it is required to make. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. The calculation of distributable profits under PRC GAAP differs in many respects from the calculation under HKFRS. As a result, the subsidiaries of the Company incorporated in the PRC may not be able to pay any dividend in a given year to the Company if it does not have distributable profits as determined under PRC GAAP, even if it has profits for that year as determined under HKFRS. Accordingly, since the Company derives a majority of its profits from its subsidiaries, it may not have sufficient distributable profits to pay dividends to its shareholders, even if there is such amount as shown in its accounts prepared under HKFRS.

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

The change in value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximately 5.5% appreciation of Renminbi against the U.S. dollar between 21 July 2005 and 18 May 2007. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar. On 18 May 2007, China's central bank announced that it would allow the Renminbi to fluctuate more during each day's foreign exchange rate trading. As majority of the Group's costs and expenses is denominated in Renminbi, the revaluation in July 2005 and potential future adjustment or revaluation have increased and could further increase the Group's costs in U.S. dollar terms. In addition, the sales of the Group's products to overseas customers may generate more U.S. dollars or other foreign currencies than the amount of U.S. dollars or other foreign currencies the Group uses to procure raw materials and production equipment from the international markets. Therefore, a surplus in U.S. dollars or other foreign currencies may exist. To the extent that the Group needs to convert such surplus into Renminbi for the Group's operations, appreciation of the Renminbi against the U.S. dollar or the other foreign currencies would have an adverse effect on the Renminbi amount it receives from the conversion. As the

Group relies entirely on dividends paid to the Group by the Group's PRC subsidiaries, any significant adjustment or revaluation of the Renminbi may have a material adverse effect on the Group's revenues and financial condition, and the value of, and any dividends payable on, the Group's shares. If the Group decides to convert its Renminbi into H.K. dollars for the purpose of making payments for dividends on its shares or for other business purposes, appreciation of the H.K. dollar against the Renminbi would have a negative effect on the H.K. dollar amount available to the Group.

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

All of the Group's products are manufactured at its production plants located in the PRC. Fire fighting and disaster relief or assistance in the PRC is being developed. Material damage to, or the loss of, the Group's production facility due to fire, severe weather, flood, earthquake or other acts of God or cause may not be adequately covered by proceeds of the Group's insurance coverage and could materially and adversely affect its business and operating results. In addition, any interruptions to the Group's business caused by such disasters could harm its business and operating results.

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

In March 2003, several countries in Asia, including the PRC, were affected by the outbreak of SARS. Since the beginning of 2004, there have been a small number of additional confirmed SARS cases in the southern PRC. If there is a recurrence of a serious outbreak of SARS or a similar illness, it may adversely affect the Group's business and operating results.

In addition, there has been confirmed human cases of avian influenza in the PRC, Vietnam, Iraq, Thailand, Indonesia, Turkey and Cambodia which has proven fatal in some instances. If such an outbreak of any other similar epidemic were to spread in the PRC, where the Group's operations are located, it may adversely affect 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

Future sales by the Company or its existing shareholders of substantial amounts of Shares after the Global Offering could adversely affect market prices prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sale immediately after the Global Offering due to contractual and legal restrictions on resale. Nevertheless, after these restrictions lapse or if these restrictions are waived or breached, future sales of substantial amounts of Shares, including Shares issued upon exercise of outstanding options and warrants, or the possibility of such sales, could negatively impact the market price of the Shares and the Group's ability to raise equity capital in the future.

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

Prior to this Global Offering, there has not been a public market for the Shares. After the Global Offering, an active public market may not develop or be sustained. If an active market for the Shares does not develop after the Global Offering, the market price and liquidity of the Shares may be adversely affected.

The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices may be volatile

The Offer Price will be determined by negotiations between the Company, the Selling Shareholders and representatives of the Underwriters and may not be indicative of prices that will prevail in the trading market. Investors may not be able to resell their Shares at or above the Offer Price. The financial markets in Hong Kong have experienced significant price and volume fluctuations, and market prices of solar energy related companies have been and continue to be extremely volatile. Volatility in the price of the Shares may be caused by factors outside the Group's control and may be unrelated or disproportionate to the Group's operating results.

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

Future sales of a substantial number of the Shares by the Company's current shareholders, or the possibility of such sales, could negatively impact the market price of the Shares and the Company's ability to raise equity capital in the future at a time and price that the Company deems appropriate. While the Company is not aware of any intentions of the Substantial Shareholders to dispose of significant amounts of their Shares after the end of the lock-up periods, there is no assurance that they will not dispose of any Shares they may now own or in the future.

WWX may be required to divest their investments in the Company due to the Company's further investment in the PRC

According to Paragraph 1, Article 35 of the Act Governing Relations between People of the Taiwan Area and the Mainland Area last amended in 2006, the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland Area last amended in 2004 and the Principles Governing the Review of Investment or Technical Cooperation in Mainland Area last amended in 2004, each indirect investment made by WWX in China through companies under its control, such as the Company, is subject to the prior approval of the Taiwan Investment Commission. The Taiwan regulations also set certain limitations on the amount of investments that WWX may make in China, which are calculated based on its or their net asset value (for companies) or certain amount (for individuals) from time to time.

The Taiwan regulations are not clear if the Company's investment into China with the proceeds derived from the Global Offering is subject to the above prior approval requirement and limitations considering that the Global Offering does not involve any additional capital injection in Company by WWX. However, according to the Taiwan legal advisor to the Company, such regulations could be interpreted in a way that any additional investment into China by the Company, including the Company's investment with the proceeds derived from the Global Offering, is subject to such approval requirement and limitations. Therefore, in the present case, after completion of the Global Offering, WWX may be required to obtain approval from the Taiwan Investment Commission for the Company's investment into China with the proceeds derived from the Global Offering since such investment would be deemed as additional investment in China. There is no assurance that the Taiwan Investment Commission would approve this or any additional investment that WWX could make in China through the Company. To the extent WWX's proportionate share of such additional investment in China would cause it to exceed the limits set by the Taiwan regulations, the WWX will be required to divest their investment in the Company.

In such case, there is no assurance that WWX will be able to reduce its shareholding in a timely and orderly manner, which could cause volatility in the trading of the Shares.

To the best knowledge of the Company, after due enquiry with WWX, such limit has not been exceeded as at the Latest Practicable Date.

The trading price of the Shares may be volatile

Following the Global Offering, the trading price of the Shares may fluctuate substantially in response to, among other factors:

- fluctuations in the Group's interim or annual results of operations;
- changes in financial estimates by securities analysts;
- investor perceptions of the Group and the investment environment in Asia, including Hong Kong and the PRC;
- litigation relating to the Group, its members, any of its Substantial Shareholders or key management personnel, for example, see section headed "Substantial Shareholders";
- changes in policies and developments related to the solar energy industry;
- changes in tariffs and other import and export barriers on solar energy products;
- changes in pricing policies adopted by the Group or its competitors;
- the depth and liquidity of the market for the Shares;
- the demand for and supply of the Shares;
- the recruitment or departures of key personnel; and
- general economic and other factors.

Moreover, in recent years, stock markets in general have experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies. These broad market and industry fluctuations may adversely affect the market price of the Shares.

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 Group's results of operations are difficult to predict and may fluctuate from time to time. It is possible that the Group's results of operations in some reporting periods will be below market expectations. The Group's results of operations will be affected by a number of factors as set forth in the section headed "Financial Information" of this prospectus. If the Group's results of operations for a particular reporting period are lower than the market expectations for such reporting period, investors are likely to react negatively, and as a result, the price of the Group's may materially decline.

The interest of the Shareholders may be diluted as a result of additional equity fund raising

The Group may need to raise additional funds in the future to finance expansion of its operations or new acquisitions. If additional funds are raised through the issuance of new Shares or other securities that may be converted into the Shares or other equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced and Shareholders may experience subsequent dilution. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

There are risks associated with forward-looking statements

This prospectus contains certain statements that are forward-looking, often indicated by the use of words such as "anticipate", "believe", "could", "expect", "forecast", "may", "ought to", "should", "will" or similar terms. These forward-looking statements address, among other topics, the Group's growth strategy and its expectations concerning its future operations, liquidity and capital resources. Prospective investors are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, any or all of the assumptions or judgments on which such statements are based could prove to be incorrect and as a result, the forward-looking statements could also be incorrect. In light of these and other uncertainties, the forward-looking statements in this prospectus should not be regarded as representations by the Group that its plans, expectations or objectives will be achieved, and investors should not place undue reliance on such statements.

Prior dividend policy and past dividends declared should not be used as an indicator for future dividends

For the three years ended 31 December 2006, the Original Group declared dividends of RMB6.3 million, RMB47.6 million and RMB113.7 million. Subject to the availability of the Company's cash and distributable reserves, the Group's investment requirements, and the Group's cashflow and working capital 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. Nevertheless, the past dividends declared and 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. 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.

Prospective investors should not place any reliance on any information contained in the press coverage regarding the Group and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding the Group and the Global Offering such as (i) Oriental Daily on 10 January 2008; (ii) Hong Kong Economic Journal, Sing Tao Daily, Apple Daily, Ming Pao and South China Morning Post on 11 January 2008; (iii) Ming Pao, Sing Tao Daily, Oriental Daily, Hong Kong Economic Journal, Apple Daily, The Standard, Hong Kong Economic Times, Headline Daily and The Sun on 14 January 2008; and (iv) Sing Tao Daily, Hong Kong Economic Journal, Apple Daily and Hong Kong Commercial Daily on 15 January 2008. Such publications included ceratin financial information, financial projections, valuations and other information about the Group that do not appear in this prospectus. The Group has not authorised the disclosure of any such information in the press or media. The Group does not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. The Group makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, the Group disclaims it. Accordingly, prospective investors should not rely on any such information. In making the decision as to whether to purchase the Offer Shares, investors should rely only on the financial, operational and other information included in this prospectus.