

HISTORY AND BUSINESS DEVELOPMENT

HISTORY

Jinzhou Xinri, the first member of the Original Group, was established on 18 September 2000 as a Sino-foreign equity joint venture company with a registered capital of JPY94,000,000 and owned as to 75% by Xinhua Quartz Glass, a state-owned enterprise engaged in the manufacturing and sale of quartz glass and crucible, and 25% by SEC, a company engaged in the manufacturing and sale of silicon related products. The second member of the Original Group, Jinzhou Huachang, was established on 11 June 2002 as a Sino-foreign equity joint venture company with a registered capital of US\$800,000 and owned as to 70% by Xinhua Quartz Glass and as to 30% by PLC, a company incorporated in Hong Kong and engaged in the trading of lamps, lighting appliances and components. Both Jinzhou Xinri and Jinzhou Huachang engages in the production and sales of monocrystalline silicon ingots. SEC is a major supplier of raw materials and a major customer to the Original Group.

Mr. TAN was the chairman of Xinhua Quartz Glass when Jinzhou Xinri was established, and was involved in the operations of Jinzhou Xinri and Jinzhou Huachang. Prior to the establishment of Jinzhou Xinri and Jinzhou Huachang, Xinhua Quartz Glass was mainly engaged in the manufacturing and sale of quartz glass and crucible. Mr. TAN gained his knowledge in the solar industry through his involvement in the abovementioned companies.

Leveraging on his solid background, industry knowledge and expertise in the manufacturing industry for then over 10 years, Mr. TAN established Xinhua Investment with a registered capital of RMB6,228,110 with 16 parties in 2003 of which 12 of them were Independent Third Parties and 4 of them were staff of the Company or its subsidiaries, namely WAN Lijun, YU Jianyun, ZHANG Yaowen and ZHANG Liming. Mr. TAN had an equity interest of approximately 39.2% in Xinhua Investment after he made a cash contribution of RMB2,441,419.12 of which RMB441,419.12 was from Mr. TAN's own saving and RMB2,000,000 was funded by bank loan which have been fully repaid. Xinhua Investment subsequently acquired from Xinhua Quartz Glass 75% interest in Jinzhou Xinri and 70% interest in Jinzhou Huachang and certain property interests (being the buildings described under properties numbered 5 and 7 in the Valuation Report as set out in appendix V to this prospectus) in September 2003 at a consideration of RMB6,228,110, based on an valuation prepared by a valuer who is an Independent Third Party with a 20% discount for lump-sum payment and approved by 錦州市財政局 (the Finance Bureau of the Jinzhou City), being the appropriate authority approving such transaction. According to the PRC legal advisor of the Company, no other approvals from other government authorities was required.

In late December 2003, in view of personal reasons, various investors offered to sell to Mr. TAN their respective interests in Xinhua Investment at cost. As Mr. TAN was confident in the future of monocrystalline silicon ingots manufacturing, on 31 December 2003, Mr. TAN entered into various agreements with his partners and acquired all their rights and interests in Xinhua Investment at their respective cost of investment in Xinhua Investment, after arm's length negotiation, for an aggregate cash consideration of RMB3,786,690.88. Mr. TAN funded this acquisitions by borrowings of RMB3,700,000 from Independent Third Parties, which had been fully repaid. The rest of RMB86,690.88 was from Mr. TAN's own saving. Subsequent to the acquisition, Mr. TAN was the sole owner of Xinhua Investment.

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

HISTORY AND BUSINESS DEVELOPMENT

RECENT DEVELOPMENT

As Jinzhou Xinri and Jinzhou Huachang were expected to reach their respective full production capacity, in order to meet customers' demand, Jinzhou Huari was established on 1 March 2004 as a Sino-foreign equity joint venture with a registered capital of JPY180,000,000 and owned as to 74.17% by Xinhua Investment and as to 25.83% by SEC. The investment of Xinhua Investment was funded by Mr. TAN borrowed from Mr. TAN's relatives and Independent Third Parties, which had been fully repaid.

In 2004, Mr. TAN established Huaxin Silicon, a sole proprietorship enterprise engaged in the trading of silicon materials. In July 2004, Huaxin Silicon acquired from Xinhua Investment 75% interests in Jinzhou Xinri, 70% interests in Jinzhou Huachang and 74.17% interest in Jinzhou Huari at a cash consideration equivalent to the cost of Xinhua Investment in acquiring these interests, to reduce Mr. TAN's tax exposure. Subsequent to the disposal of interests in Jinzhou Xinri, Jinzhou Huachang and Jinzhou Huari, Xinhua Investment became a dormant company.

To further expand the production capacity and to respond to requests from customers for wafers, Jinzhou Yangguang was established by Huaxin Silicon on 15 December 2004 as a Sino-foreign equity joint venture with a registered capital of RMB70,000,000, and was owned as to 75% by Huaxin Silicon and as to 25% by SEC. Jinzhou Yangguang is not only engaged in the manufacturing of monocrystalline silicon ingots but also engaged in the manufacturing of wafers. Huaxin Silicon's investment was funded by borrowings from Jinzhou Huachang, Jinzhou Xinri, Mr. TAN's relatives and Independent Third Parties.

To further increase the Original Group's supply of ingots, Jinzhou Youhua was established on 28 March 2005 as a Sino-foreign equity joint venture with a registered capital of RMB22,000,000 by Huaxin Silicon, 上海超日太陽能科技發展有限公司 (Shanghai Chaori Solar Energy Science Technology Development Co., Ltd*), PLC and Poly Energy Semiconductor Company Limited holding 37.5%, 25%, 25% and 12.5%, respectively. Huaxin Silicon made its share of capital contribution of RMB8.25 million in cash and such investment was funded by borrowings from Jinzhou Huachang, Jinzhou Xinri, Mr. TAN's relatives and Independent Third Parties. Jinzhou Youhua was mainly engaged in the manufacturing and sales of monocrystalline silicon products. Save that the joint venture partners have been supplier (Poly Energy Semiconductor Company Limited, a supplier of polysilicon raw material) and/or customer (上海超日太陽能科技發展有限公司 (Shanghai Chaori Solar Energy Science Technology Development Co., Ltd* is a customer)) of Jinzhou Youhua and except for PLC, a substantial shareholder of Jinzhou Huachang, all the joint venture partners are Independent Third Parties.

In 2005, STIC negotiated with Poly Energy Semiconductor Company Limited to acquire 12.5% of the interest of Poly Energy Semiconductor Company Limited in Jinzhou Youhua at a cash consideration of US\$332,519.20. As Poly Energy Semiconductor Company Limited requested the entire transaction to be completed within a time frame that STIC was not able to comply with pending the approval from the Taiwan Investment Commission. Wintek International Corp., a company that has close relationship with STIC, acquired the 12.5% interest in Jinzhou Youhua from Poly Energy Semiconductor Company Limited in September 2005 and gave an option to STIC for it to acquire the 12.5% interest at

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

HISTORY AND BUSINESS DEVELOPMENT

US\$332,519.20. Wintek International Corp. and STIC have such close relationship because one of Wintek International Corp.'s shareholder, Hanako Hiramatsu, is also a shareholder of Hiramatsu International Corp., which in turn is a shareholder of STIC. When STIC got the approval from Taiwan Investment Commission by the end of 2005, it acquired the 12.5% interest of Wintek International Corp. in Jinzhou Youhua at US\$332,519.20.

Huaxin Silicon's interest in Jinzhou Youhua was transferred at a cash consideration of US\$3,452,143.20 to STIC in September 2006 in view of (i) the world's shortage of silicon material, (ii) the consensus with WWX that WWX and its affiliates would provide silicon raw material to Jinzhou Youhua and ingots manufactured by Jinzhou Youhua would be supplied to Jinzhou Yangguang for its wafer production at selling prices determined with reference to prevailing market prices, and (iii) Mr. TAN's intention to foster the co-operation between the Original Group and WWX, through which the Original Group can gain significant advantages due to WWX's prominent market position, being one of the world's largest silicon wafer producers for semiconductor industry, its expertise in upgrading, processing and reclaiming polysilicon raw material, as well as WWX's ability to source silicon raw materials. WWX is a semi-conductor manufacturing group established in 1997, it purchases polysilicon raw materials for its own production of semiconductor wafers from Tokuyama, Wacker, Hemlock, being three of the world's largest producers of polysilicon. Although WWX was not a polysilicon raw material supplier to the Original Group during the Track Record Period, it was expected that the Group may, through the introduction by WWX, established business relationship with these polysilicon manufacturers. The waste produced in WWX's production is also one of the sources of raw material for ingots production after upgrading. WWX ranked seventh in wafer sales in 2006 according to IEK, an independent research house. STIC was an indirect subsidiary of WWX and had by then already been interested in 12.5% of Jinzhou Youhua. In September 2006, STIC acquired the 37.5% interests in Jinzhou Youhua from Huaxin Silicon at a cash consideration of US\$3,452,143.20 and acquired from Shanghai Chaori Solar Energy Science Technology Development Co., Ltd. and PLC of their respective interests in Jinzhou Youhua at an aggregate consideration of US\$4,602,855.22 based on agreed sum. Upon completion of the acquisition from Huaxin Silicon and the acquisition of the 50% remaining interests in Jinzhou Youhua, STIC became the sole shareholder of Jinzhou Youhua. Subsequent to the transaction, with the supply of polysilicon raw material from Shanghai Jingji, Jinzhou Youhua became one of the largest suppliers of the Original Group, supplying monocrystalline silicon ingots to Jinzhou Yangguang for its wafer production and became the largest supplier of the Original Group in the first quarter of 2007.

In March 2007, Huaxin Silicon transferred to TIL, a company wholly-owned by Mr. TAN at that time, its 75% interest in Jinzhou Yangguang, 75% interest in Jinzhou Xinri, 70% interest in Jinzhou Huachang and 74.17% of Jinzhou Huari. In March 2007, in anticipation of the proposed listing of the Group and to streamline the Group's business, the Group has undergone a corporate reorganisation, where the Company was incorporated in the Cayman Islands on 7 March 2007, as the ultimate holding company. Details of the Reorganisation are set out in the sub-section headed "Reorganisation" below.

HISTORY AND BUSINESS DEVELOPMENT

Given that the production facilities of Jinzhou Youhua were located with those of Jinzhou Xinri, Jinzhou Huachang and Jinzhou Huari, the management of TIL and WWX were in frequent contact in respect of exchange of experience in sourcing of raw materials and improvement in the manufacturing process. In June 2007, in order to further the cooperation between TIL and WWX, the parties agreed to reorganise the direct subsidiaries of TIL, being Jinzhou Yangguang, Jinzhou Xinri, Jinzhou Huachang and Jizhou Huari, and STIC's solar products related subsidiaries which were then owned by Solartech, namely Jinzhou Youhua and Shanghai Jingji. Transfer of Jinzhou Youhua and Shanghai Jingji by STIC to Solartech was completed in May and June 2007, respectively, at a consideration of US\$12,531,081 and US\$6,977,126, respectively, as determined with reference to the net asset value of the relevant company as at 31 December 2006. Both STIC and Solartech are subsidiaries of WWX and have common shareholders. The transfer is to facilitate the proposed reorganisation.

It is expected that the reorganisation will create synergy amongst the companies, achieve economies of scale and enhance the Original Group's competitiveness. In particular, the Original Group's acquisition of Solartech allowed the Original Group to vertically integrate its solar manufacturing and sales platform with WWX's solar-related sales business, through which it can take advantages of WWX's well established customer base and strengthen its ability to source polysilicon raw materials. Upon completion of the reorganisation, the Group controlled and operated the Jinzhou Plants (comprising Jinzhou Youhua, Jinzhou Yangguang, Jinzhou Xinri, Jinzhou Huachang and Jinzhou Huari, which formed a composite monocrystalline silicon ingot and wafer production facility) and the Shanghai Plant (being the silicon reclaiming and upgrading facility in Shanghai).

In May 2007, Jinzhou Rixin was established by Jinzhou Huachang as its wholly-owned subsidiary (i) to increase the Group's ingot production capacity to 2,000 tonnes and increase the wafer production capacity of the Group to 48 million pieces in 2008 by the addition of 96 ingot pullers and 16 wiresaws (the "First Phase Expansion") and (ii) subject to the market demand, to further increase the Group's annual ingot production capacity to 3,000 tons and the Group's annual wafer production capacity to 88 million pieces in 2009 by the addition of 104 ingot pullers and 16 wiresaws (the "Second Phase Expansion"). It is expected that upon full commercial production of the First Phase Expansion of the ingot production capacity in the second quarter of 2008, the Group's annual ingot production capacity will reach 2,000 tonnes and would be further increased to 3,000 tonnes upon full commercial production of the Second Phase Expansion. The total investment in Jinzhou Rixin is expected to be approximately RMB350 million, of which RMB40 million would be spent towards the acquisition of land and building of the factory premises (being property number 3 as set out in the valuation report, appendix V to this prospectus) and RMB310 million will be applied towards the purchase of machinery and equipment. As at the Latest Practicable Date, Jinzhou Rixin has made investment of RMB76.4 million, mainly funded by a bank facility and government grants.

On 21 June 2007, Wealthy Rise was established as a wholly-owned subsidiary of Solartech with the ultimate objective to act as the intermediate holding company of all PRC incorporated group companies in view of the potential tax benefit to be enjoyed by investors incorporated in Hong Kong. It is intended that it will also engage in trading of raw materials, ingots and wafers.

HISTORY AND BUSINESS DEVELOPMENT

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. Shanghai 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.

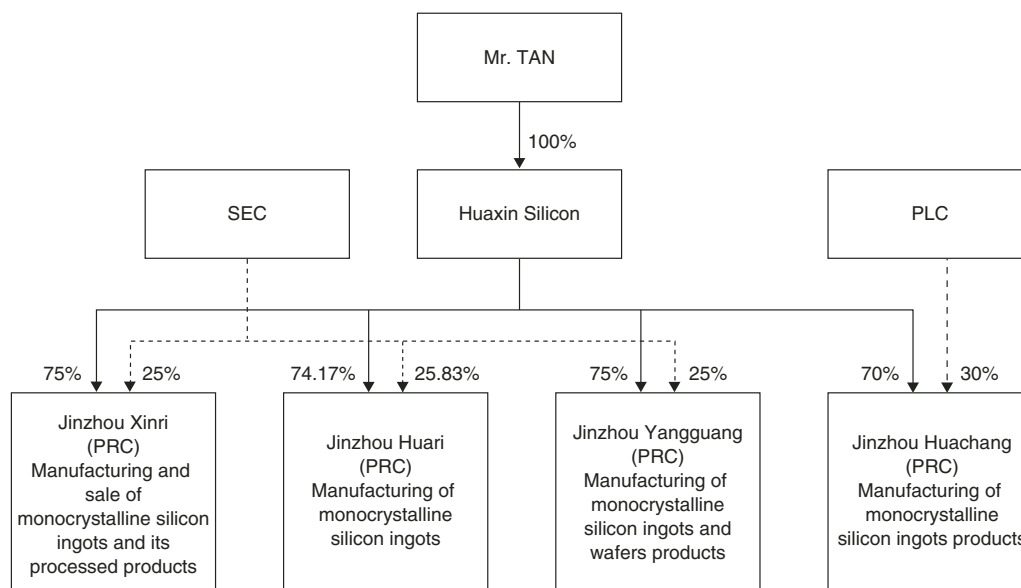
The Original Group's business has grown rapidly over its six-year operating history. From operating only a few ingots pullers in 2000, the Group now operates a composite monocrystalline silicon ingot and wafer production facilities which are equipped with 100 monocrystalline ingot pullers and 8 wiresaws, and a silicon reclaiming and upgrading facility in Shanghai.

The Original Group first exported its silicon related products to Japan in 2002. With the synergy created from the strategic joint ventures with Japanese, Chinese and Taiwanese shareholders, the Group is currently not only capable in capturing the local PRC market, but has also been successful in expanding its export sales to major solar cell makers located in the Japanese, European and Taiwanese markets.

From 2004 to 2006, the Original Group consistently ranked as the second largest producer of monocrystalline silicon ingot in the PRC, measured in terms of production output and sales, as confirmed by China Electronics Material Industry Association. The Group's capacity ranked the second largest in 2005 according to the Report on the Development of the PV Industry in China (2004-2005) commissioned by the NDRC, the Global Energy Fund and the world Bank under the project entitled "China Renewable Energy Development Project".

REORGANISATION

Set out below is the shareholding structure of the Original Group immediately prior to the Reorganisation:



HISTORY AND BUSINESS DEVELOPMENT

The Company was incorporated in the Cayman Islands on 7 March 2007 to act as the ultimate holding company of the Original Group.

On 9 March 2007, Huaxin Silicon transferred its 75% interest in Jinzhou Xinri, 74.17% interest in Jinzhou Huari, 75% interest in Jinzhou Yangguang and 70% interest in Jinzhou Huachang to TIL at an aggregate cash consideration of US\$9,691,814.41 which was determined with reference to the amount of the aggregate net asset value minus the distributable reserve of Jinzhou Xinri, Jinzhou Huari, Jinzhou Yangguang and Jinzhou Huachang as at 30 June 2006 as appraised by a firm of qualified valuers in the PRC.

On 7 May 2007, Mr. TAN transferred the entire issued share capital of TIL to the Company in consideration of which the Company allotted and issued an aggregate of 999,999 Shares to Mr. TAN and the nil-paid Share previously allotted and issued to Mr. TAN was credited as a fully-paid Share. On 17 May 2007, SEC transferred its 25% interest in Jinzhou Xinri, 25.83% interest in Jinzhou Huari and 25% interest in Jinzhou Yangguang to TIL at an aggregate consideration of RMB33,462,130, which was determined with reference to the aggregate adjusted net asset value of Jinzhou Xinri, Jinzhou Huari and Jinzhou Yangguang as at 31 December 2006 and was satisfied by the allotment and issue of 3,049 ordinary shares in TIL to SEC. On the same day, PLC transferred its 30% interest in Jinzhou Huachang at a consideration of RMB4,261,678, which was determined with reference to the adjusted net asset value of Jinzhou Huachang as at 31 December 2006 and was satisfied by the allotment and issue of 388 ordinary shares in TIL to PLC. On 26 June 2007, SEC transferred its 22.69% interest in TIL to the Company in consideration of which the Company allotted and issued 304,879 Shares to SEC credited as fully paid. On the same day, PLC transferred its 2.89% interest in TIL to the Company in consideration of which the Company allotted and issued 38,829 Shares to PLC credited as fully paid.

On 26 June 2007, the Company acquired the entire issued share capital of Solartech from WWIC, PEC, Asia Vest, Seaquest, APC, USIFE, Grand Sea, Hiramatsu, Powerteam and Mr. CHONG at an aggregate consideration of HK\$167,895,494.4, which was determined with reference to the fair value of Jinzhou Youhua and Shanghai Jingji as at 31 December 2006. Immediately after the acquisition of Solartech by the Company, WWIC, PEC, Asia Vest, Seaquest, APC, USIFE, Grand Sea, Hiramatsu and Powerteam subscribed 1,415,652 Shares at an aggregate subscription price of HK\$155,284,013. The acquisitions of Shares by these investors in such manner were genuine investments pursuant to the Reorganisation and were not conducted to circumvent the compulsory lock-up requirement to which founder of companies would normally subject.

On the same day, Mr. CHONG, a non-executive Director, subscribed for himself and on behalf of the then senior management, consultants and employees of the Group (the "Relevant Officers"), and the Company allotted and issued, an aggregate of 114,973 Shares for an aggregate subscription price of HK\$12,611,481.4. Out of the 114,973 Shares, Mr. CHONG was interested in 2,509 Shares and he held an aggregate of 112,464 Shares in trust on behalf of the other Relevant Officers. For further details of the Shares offered to the Relevant Officers, please refer to the subsection headed "Shares offered to certain senior management, employees and consultants of the Group" in the section headed "Director, senior management, staff and compliance advisor" of this prospectus.

HISTORY AND BUSINESS DEVELOPMENT

On 27 June 2007, Mr. TAN transferred 74,157 Shares, representing approximately 2.58% of the then issued share capital of the Company, to PEC, Premium Service, Novus Capital, YEUNG Wai and Broadsight, at an aggregate purchase price of US\$10,000,000 which was set off against the loan due to them by Mr. TAN. The said loan was provided to Mr. TAN mainly for the purpose of financing TIL's acquisition of Jinzhou Xinri, Jinzhou Huari, Jinzhou Huachang and Jinzhou Yangguang for cash consideration completed in March 2007. The effective purchase price per Share payable by the aforesaid Selling Shareholders will be equal to approximately HK\$2.10, representing approximately 53% discount to the Offer Price (assuming an Offer Price of HK\$4.48, being the mid-point of the stated range of the Offer Price). The effective price relating to the purchase of the Shares by PEC, Premium Service, Novus Capital, YEUNG Wai and Broadsight was arrived at after arm's length negotiations between Mr. TAN and the aforesaid parties as a genuine arrangement to settle the loan due from Mr. TAN.

In July 2007, Asia Vest, Sequest, APC, USIFE, Grand Sea, Hiramatsu and Powerteam transferred 43,493 Shares in aggregate, representing approximately 1.51% of the then issued share capital of the Company, to Sumitomo and 10,968 Shares in aggregate, representing approximately 0.38% of the then issued share capital of the Company to Sumitomo HK at an aggregate purchase price of US\$1,597,200 and US\$402,800 respectively, which was arrived at after arm's length negotiations between the aforesaid parties.

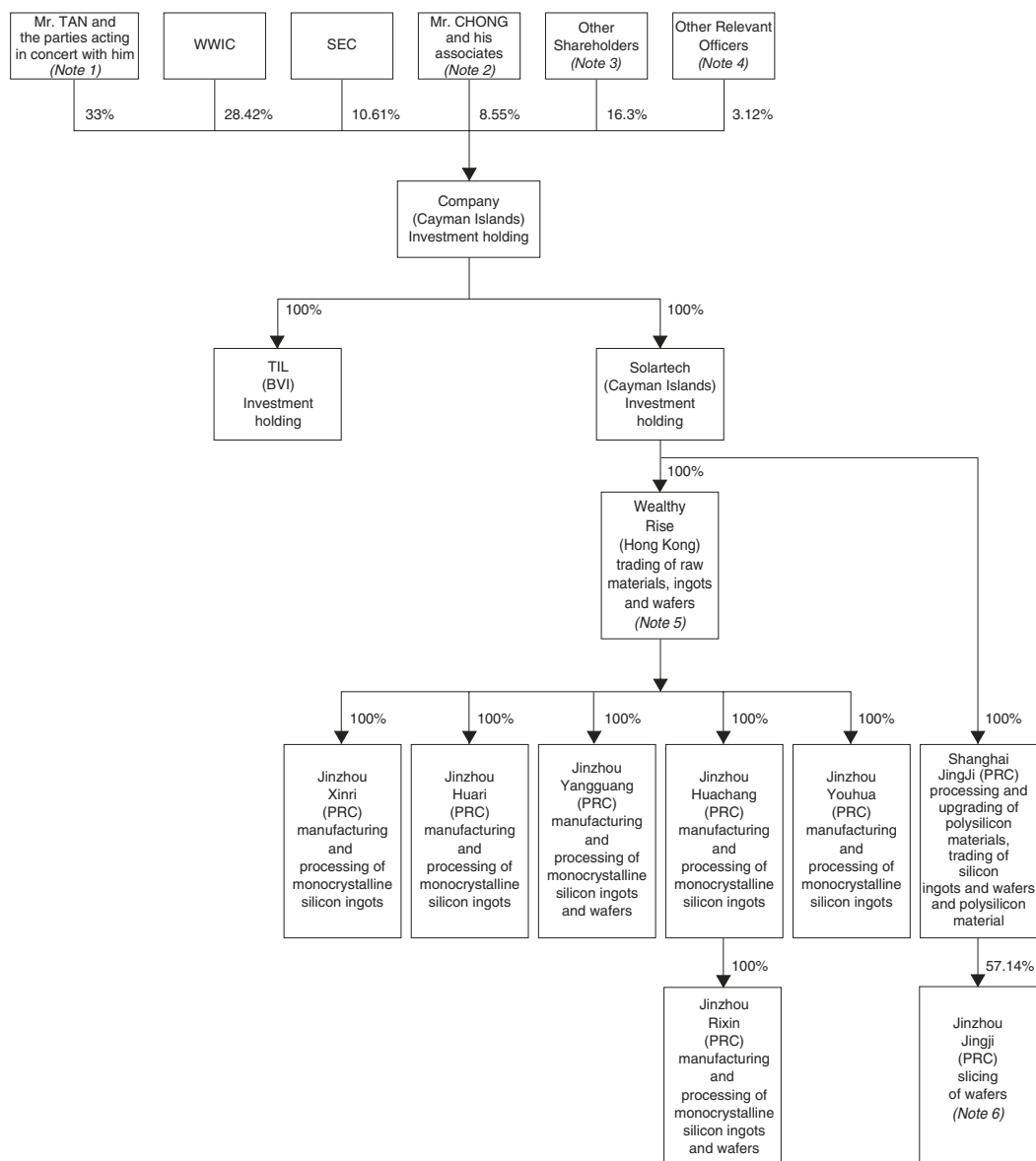
In August 2007, Mr. CHONG transferred the legal title of 17,978 Shares, 18,587 Shares and 6,271 Shares to Mr. TAN, Mr. HSU You Yuan and Mr. CHIAO Ping Hai respectively at an aggregate consideration of HK\$4,698,715.

On 18 December 2007, the entire registered capital of Jinzhou Xinri, Jinzhou Huari, Jinzhou Yangguang, Jinzhou Huachang and Jinzhou Youhua were transferred to Wealthy Rise at cost.

In December 2007, Jinzhou Jingji was incorporated pursuant to an agreement dated 3 September 2007 (as amended by a supplemental agreement dated 23 November 2007) between Shanghai Jingji and a Taiwan entity, an Independent Third Party. Pursuant to such agreement (as amended by the supplemental agreement), it was agreed that the Taiwan entity and injection of registered capital or its subsidiary will have an approximately 42.86% interest in Jinzhou Jingji, subject to the obtaining of the relevant government approvals in Taiwan and injection of registered capital by the Taiwan entity on or before 31 December 2007. Such governmental approval from Taiwan was not obtained by the Taiwan entity as at 31 December 2007. The parties entered into an agreement on 10 January 2008 to terminate the arrangement. Jinzhou Jingji is in the processing of applying to convert itself into a wholly-owned subsidiary of Shanghai Jingji. Jinzhou Jingji has not commenced any commercial operation or conducted any business activities and has not owned any assets or incurred any liabilities.

HISTORY AND BUSINESS DEVELOPMENT

Set out below is the shareholding structure of the Group immediately after the Reorganisation before completion of the Global Offering and the Capitalisation Issue:



Notes:

- Mr. TAN is the beneficial owner of 943,821 Shares, representing approximately 32.84% of the issued share capital of the Company immediately after the Reorganisation. In addition, the following Shareholders are close relatives of Mr. TAN:

Name of Shareholders	Relationship with Mr. TAN	Number of Shares
ZHAO Xiuzhen	Sister-in-law	2,086
TAN Wenge	younger Brother	1,490
WANG Jing	Niece	298
GAO Yu	Nephew-in-law	149
TAN Wenxiang	younger Brother	596
WANG Jinsheng	Brother-in-law	149

HISTORY AND BUSINESS DEVELOPMENT

The above persons were offered Shares pursuant to the arrangement set out in the subsection headed “Shares offered to certain senior management, employees and consultants of the Group” under the section headed “Director, Senior Management and Staff and Compliance Advisor”. Since they are close relatives of Mr. TAN, they are considered parties acting in concert with Mr. TAN under the Takeovers Code. Mr. TAN, together with the above persons, are interested in an aggregate of 948,589 Shares, representing approximately 33% of the issued share capital of the Company immediately after the Reorganisation.

2. Mr. CHONG was interested in an aggregate of 245,753 Shares, of which 2,509 Shares were directly held by Mr. CHONG, 38,829 Shares were held by PLC and 204,415 Shares were held by PEC. PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited, as to 30% by SAM Wai Keung, a director of Jinzhou Huachang, and as to 5% by an Independent Third Party. Both PEC and Leigh Company Limited are wholly-owned by Mr. CHONG, a non-executive Director who is therefore deemed to be interested in approximately 8.55% of the issued share capital of the Company immediately after the Reorganisation.
3. Immediately after the Reorganisation, the shareholding of other Shareholders included the following:
 - (a) Asia Vest was interested in approximately 5.55% of the then issued share capital of the Company.
 - (b) Seaquest was interested in approximately 2.78% of the then issued share capital of the Company.
 - (c) APC was interested in approximately 1.54% of the then issued share capital of the Company.
 - (d) USIFE was interested in approximately 1.24% of the then issued share capital of the Company.
 - (e) Grand Sea was interested in approximately 0.97% of the then issued share capital of the Company.
 - (f) Hiramatsu was interested in approximately 0.86% of the then issued share capital of the Company.
 - (g) Powerteam was interested in approximately 0.64% of the then issued share capital of the Company.
 - (h) Premium Service was interested in approximately 0.39% of the then issued share capital of the Company.
 - (i) Novus Capital was interested in approximately 0.18% of the then issued share capital of the Company.
 - (j) YEUNG Wai was interested in approximately 0.18% of the then issued share capital of the Company.
 - (k) Broadsight was interested in approximately 0.08% of the then issued share capital of the Company.
 - (l) Sumitomo was interested in approximately 1.51% of the then issued share capital of the Company.
 - (m) Sumitomo (HK) was interested in approximately 0.38% of the then issued share capital of the Company.

To the best of the Directors’ knowledge, information and belief, the ultimate beneficial owners of each of Asia Vest, Seaquest, APC, USIFE, Hiramatsu, Powerteam, Premium Service, Novus Capital, YEUNG Wai, Broadsight, Sumitomo and Sumitomo (HK) are Independent Third Parties. Grand Sea is not regarded as a connected person of the Company and its subsidiaries under Rule 1.01 of the Listing Rules.

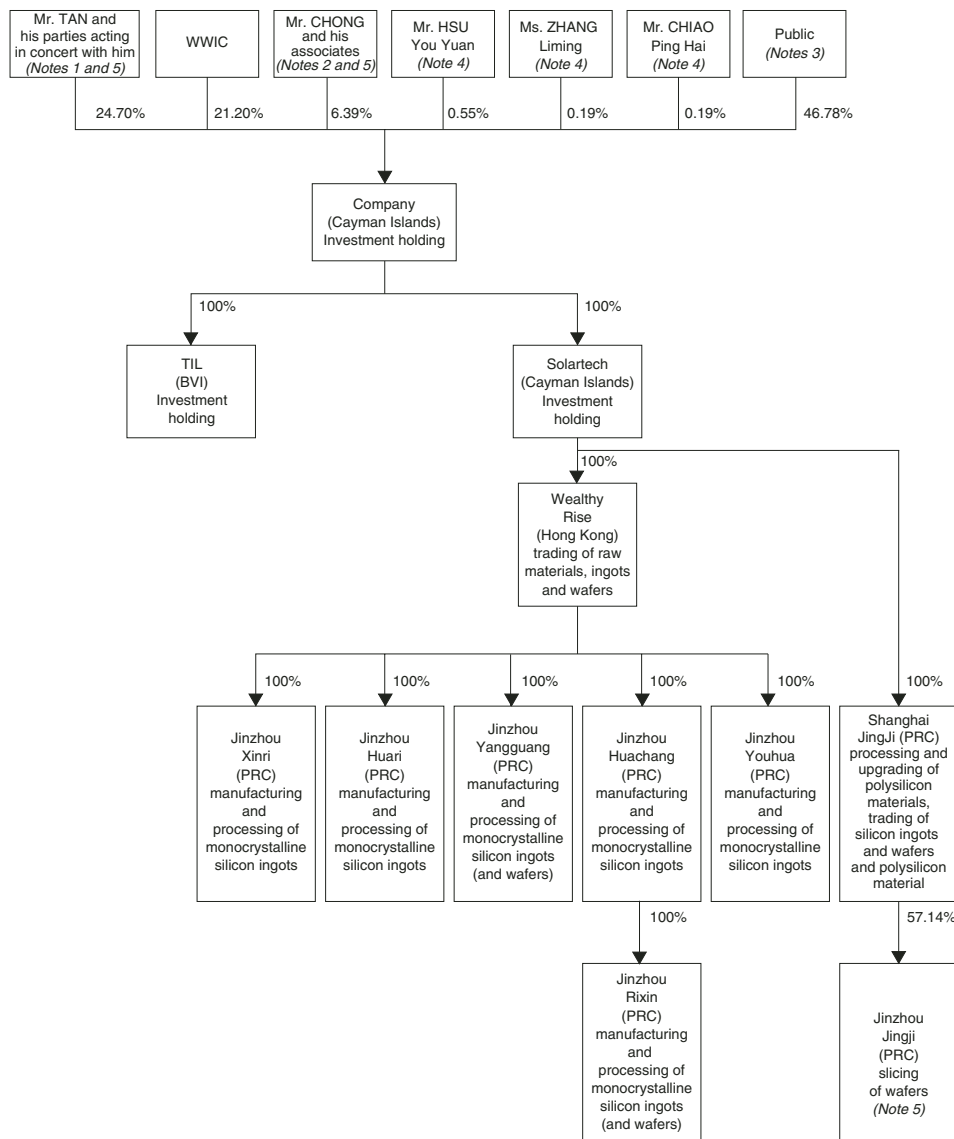
4. These officers include Mr. HSU You Yuan (an executive Director), Mr. CHIAO Ping Hai (a non-executive Director), Ms. ZHANG Liming (an executive Director), certain senior management staff, employees (excluding the 6 employees who are acting in concert with Mr. TAN) and consultants of the Acquired Group and those who made past contribution to the Acquired Group, further details of which are set out in the subsection headed “Shares offered to certain senior management, employees and consultants of the Group” in the section headed “Director, senior management, staff and compliance adviser” of this prospectus.

HISTORY AND BUSINESS DEVELOPMENT

5. Wealthy Rise was incorporated in Hong Kong on 21 June 2007 to act as the intermediate holding company of the PRC incorporated group companies. It is also intended that Wealthy Rise will engage in trading of raw materials, ingots and wafers.

6. In December 2007, Jinzhou Jingji was incorporated pursuant to an agreement dated 3 September 2007 (as amended by a supplemental agreement dated 23 November 2007) between Shanghai Jingji and a Taiwan entity, an Independent Third Party. Pursuant to such agreement (as amended by the supplemental agreement), it was agreed that the Taiwan entity or its subsidiary will have an approximately 42.86% interest in Jinzhou Jingji, subject to the obtaining of the relevant government approvals in Taiwan and injection of registered capital by the Taiwan entity on or before 31 December 2007. Such governmental approval from Taiwan was not obtained by the Taiwan entity as at 31 December 2007. The parties entered into an agreement on 10 January 2008 to terminate the arrangement. Jinzhou Jingji is in the processing of applying to convert itself into a wholly-owned subsidiary of Shanghai Jingji. Jinzhou Jingji has not commenced any commercial operation or conducted any business activities and has not owned any assets or incurred any liabilities.

The following chart sets forth the corporate structure of the Group following completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and the Capitalisation Issue:



HISTORY AND BUSINESS DEVELOPMENT

Notes:

1. Mr. TAN is the beneficial owner of 415,184,500 Shares, representing approximately 24.56% of the issued share capital of the Company upon completion of the Global Offering and will be subject to lock-up arrangement for a term ranging from 6 months up to 4 years after the Listing. In addition, the following Shareholders are close relatives of Mr. TAN:

Name of Shareholders	Relationship with Mr. TAN	Number of Shares
ZHAO Xiuzhen	Sister-in-law	1,043,000
TAN Wenge	younger Brother	745,000
WANG Jing	Niece	149,000
GAO Yu	Nephew-in-law	74,500
TAN Wenxiang	younger Brother	298,000
WANG Jinsheng	Brother-in-law	74,500

The above persons are offered Shares pursuant to the arrangement set out in the subsection headed “Shares offered to certain senior management, employees and consultants of the Group” under the section headed “Director, Senior Management and Staff and Compliance Advisor”. Since they are close relatives of Mr. TAN, they are considered parties acting in concert with Mr. TAN under the Takeovers Code. Mr. TAN, together with the above persons, will be interested in an aggregate of 417,568,500 Shares, representing approximately 24.70% of the issued share capital of the Company upon completion of the Global Offering and are subject to lock-up arrangement after Listing, details of which are set out in the section headed “Substantial Shareholders” of this prospectus.

2. Mr. CHONG will be interested in an aggregate of 107,972,500 Shares, of which 1,254,500 Shares will be directly held by Mr. CHONG, 89,682,500 Shares is held by PEC and 17,035,500 Shares will be held by PLC. PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited, as to 30% by SAM Wai Keung, a director of Jinzhou Huachang and as to 5% by an Independent Third Party. Both PEC and Leigh Company Limited are wholly-owned by Mr. CHONG, a non-executive Director who is therefore deemed to be interested in 6.39% of the issued share capital of the Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Each of PEC and PLC are subject to lock-up arrangement, details of which are set out in the section headed “Underwriting” of this prospectus and Mr. Chong is subject to the lock-up arrangement set out in note 3(m) below.
3. The public Shareholders will include the following Shareholders whose shareholding immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised) is as follows:
 - (a) SEC will be interested in approximately 7.91% of the issued share capital of the Company.
 - (b) Asia Vest will be interested in approximately 4.14% of the issued share capital of the Company.
 - (c) Seaquest will be interested in approximately 2.07% of the issued share capital of the Company.
 - (d) APC will be interested in approximately 1.15% of the issued share capital of the Company.
 - (e) USIFE will be interested in approximately 0.92% of the issued share capital of the Company.
 - (f) Grand Sea will be interested in approximately 0.73% of the issued share capital of the Company.
 - (g) Hiramatsu will be interested in approximately 0.64% of the issued share capital of the Company.
 - (h) Powerteam will be interested in approximately 0.47% of the issued share capital of the Company.

HISTORY AND BUSINESS DEVELOPMENT

- (i) Premium Service will be interested in approximately 0.29% of the issued share capital of the Company.
- (j) Novus Capital will be interested in approximately 0.13% of the issued share capital of the Company.
- (k) YEUNG Wai will be interested in approximately 0.13% of the issued share capital of the Company.
- (l) Broadsight will be interested in approximately 0.06% of the issued share capital of the Company.

Each of Asia Vest, Seaquest, APC, USIFE, Grand Sea, Hiramatsu, Powerteam, Premium Service, Novus Capital, YEUNG Wai and Broadsight is subject to lock-up arrangement, details of which are set out in the section headed "Underwriting" of this prospectus.

- (m) Sumitomo and Sumitomo (HK) will be interested in 1.13% and 0.28% of the issued share capital of the Company respectively. Each of Sumitomo and Sumitomo (HK) has irrevocably and unconditionally undertaken with the Company that save for any transfer of Sale Shares to be offered for sale by it and Sumitomo (HK) under the Global Offering and the exercise of the Over-allotment Option by the Global Co-ordinator, it shall not, and/or shall procure that any registered holders controlled by any of it not to, at any time during the period commencing from 12 January 2008 and ending on the date which is one year from the Listing Date, directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares to be held by it on the Listing Date. Each of Sumitomo and Sumitomo (HK) are also subject to lock-up arrangement, details of which are set out in the section headed "Underwriting" of this prospectus.
 - (n) So far as the Directors are aware, each of SEC, Asia Vest, Seaquest, APC, USIFE, Hiramatsu, Powerteam, Premium Service, Novus Capital, YEUNG Wai and Broadsight above whose ultimate beneficial owners are independent of and not connected with the Company and its subsidiaries and their connected persons (as defined in the Listing Rules) and Grand Sea is not regarded as a connected person of the Company and its subsidiaries under Rule 1.01 of the Listing Rule.
 - (o) Certain senior management, employees and consultants of the Group (excluding the 6 persons who are acting in concert with Mr. TAN) will be interested in an aggregate of approximately 1.73% of the issued share capital of the Company will be subject to the lock-up arrangements as set in the subsection headed "Shares offered to certain senior management, employees and consultants of the Group" in the section headed "Director, senior management, staff and compliance adviser" of this prospectus.
4. Mr. TAN, Mr. HSU You Yuan and Ms. ZHANG Liming, being the executive Directors, and Mr. CHONG and Mr. CHIAO Ping Hai, being the non-executive Directors, are subject to the same disposal restrictions outlined in note 3(m) above.
5. In December 2007, Jinzhou Jingji was incorporated pursuant to an agreement dated 3 September 2007 (as amended by a supplemental agreement dated 23 November 2007) between Shanghai Jingji and a Taiwan entity, an Independent Third Party. Pursuant to such agreement (as amended by the supplemental agreement), it was agreed that the Taiwan entity or its subsidiary will have an approximately 42.86% interest in Jinzhou Jingji, subject to the obtaining of the relevant government approvals in Taiwan and injection of registered capital by the Taiwan entity on or before 31 December 2007. Such governmental approval from Taiwan was not obtained by the Taiwan entity as at 31 December 2007. The parties entered into an agreement on 10 January 2008 to terminate the arrangement. Jinzhou Jingji is in the processing of applying to convert itself into a wholly-owned subsidiary of Shanghai Jingji. Jinzhou Jingji has not commenced any commercial operation or conducted any business activities and has not owned any assets or incurred any liabilities.