

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will exercise, or control the exercise of, 10% or more of the voting power at general meetings of the Company.

Name	Number of Shares	Approximate percentage of shareholding
Mr. TAN <i>(Note 1)</i>	417,568,500	24.7%
WWIC <i>(Note 2)</i>	358,364,000	21.2%
WWX <i>(Note 2)</i>	358,364,000	21.2%

Notes:

- 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 were offered Shares pursuant to be arrangement set out in the subsection headed "Shares Offered to Certain 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 24.7% of the issued share capital of the Company upon completion of the Global Offering and are subject to lock-up arrangement after Listing.

- WWIC is wholly-owned by WWX.

Save as disclosed above and taking no account of any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised, the Directors are not aware of any person who will, immediately following the Global Offering, exercise, or control the exercise of, 10% or more of the voting power at general meetings of the Company.

Each of Mr. TAN, Ms. ZHAO Xiuzhen, Mr. TAN Wenge, Ms. WANG Jing, Mr. GAO Yu, Mr. TAN Wenxiang and Mr. WANG Jinsheng has irrevocably and unconditionally undertaken to the Stock Exchange and the Company that:

- save pursuant to the arrangements under the Stock Borrowing Agreement, which will be conducted in accordance with the requirements of the Listing Rules for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in the Global Offering and the transfer of Offer Shares to be offered for sale by Mr. TAN under the Global Offering and subject always to the Listing Rules, he or she shall not, and shall procure that any registered holders controlled by him or her or nominees or trustees holding in trust for him or her

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shall not, at any time during the period commencing from the date by reference to which disclosure of the shareholding of him or her is made in this prospectus and ending on the date which is six months 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 any of the Shares in respect of which it is shown by this prospectus to be a beneficial owner; and

- (b) at any time within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he or she shall
 - (i) when he or she pledges or charges any securities of the Company beneficially owned by him or her in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as security (including a charge or a pledge) for a bona fide commercial loan, immediately inform the Company in writing of such pledge or charge together with the number of securities so pledged or charged; and
 - (ii) when he or she receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities of the Company shall be disposed of, immediately inform the Company of such indications.

The Company must inform the Stock Exchange as soon as it has been informed of matters referred to by a substantial shareholder of such indication and disclose such matters by way of an announcement which is published in accordance with the Listing Rules as soon as possible.

The arrangements under the Stock Borrowing Agreement is for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in the Global Offering. The maximum number of shares to be borrowed from Mr. Tan under the Stock Borrowing Agreement by the Global Coordinator is the maximum number of shares that may be issued upon full exercise of the Over-allotment Option. The same number of shares so borrowed is returned to Mr. Tan or its nominee (as the case may be) within 3 business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full. The borrowing of shares pursuant to the Stock Borrowing Agreement will be effected in compliance with applicable Listing Rules, laws and other regulatory requirements and no payments will be made to Mr. Tan by the Global Coordinator in relation to the stock borrowing arrangement.

Disputes involving Mr. TAN and his associates

In June 2006, Huaxin Silicon, an entity owned by Mr. TAN, entered into a financial consultancy agreement with an independent financial advisor (the “Financial Advisor”) under which, among other provisions, the Financial Advisor would advise Huaxin Silicon on its reorganisation, introduce Huaxin Silicon to strategic investors and provide financial consulting services with respect to a proposed initial public offering in Hong Kong of Huaxin Silicon’s interests in Jinzhou Yangguang, Jinzhou Huari, Jinzhou Huachang and

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Jinzhou Xinri (the “Jinzhou Cos”). In October 2006, Mr. TAN entered into a non-legal binding term sheet (the “Term sheet”) with an investment Company (the “Investor”), which is an Independent Third Party, for and on behalf of and in the name of an offshore company which Mr. TAN was offered to purchase from a director of the Financial Advisor, who introduced the Investor to Huaxin Silicon. The offshore company was proposed to be the intermediate holding vehicle to hold Huaxin Silicon’s interests in the Jinzhou Cos. It was intended that the Investor would invest into such vehicle, but the transaction did not proceed. Huaxin Silicon delivered a notice to the Financial Advisor to terminate the financial consultancy agreement in February 2007.

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

In respect of the claim brought by the Investor against Mr. TAN pursuant to the Term sheet, based on the fact that the claim was brought against Mr. TAN personally and not against the Company, and based on the facts presently available and on the confirmations provided by Mr. TAN personally and the board of directors of the Company that: (a) Mr. TAN did not enter into the Term sheet as a representative of the Company or any of its subsidiaries, and (b) no allegation or claim is being made by the Investor against the Company or any of its subsidiaries, it is concluded in the legal opinion sought by the Company that there is no cause of action or claim which the Investor may advance against the Company and its subsidiaries arising from Mr. TAN’s signing of the Term sheet. Hence, the Investor’s claim against Mr. TAN pursuant to the Term sheet should not have any direct adverse impact on the Company and its subsidiaries.

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

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

Further, Mr. TAN has undertaken to keep the Company and/or its subsidiaries fully indemnified in the event that the Company and/or its subsidiaries are named in any litigation or arbitral proceedings in connection with the above claims. Based on these circumstances, the Directors of the Company are of the opinion that any potential liability in respect of the claim to the Company and its subsidiaries is remote. On the aforementioned basis, no provision is to be made or contingent liability is to be disclosed in the Company’s financial statements as at 30 September 2007 in respect of potential claims from the Investor and the Financial Adviser under the prevailing accounting standards in Hong Kong.