

CONNECTED TRANSACTIONS

The Group has entered into a number of agreements with parties which will be regarded as a connected party to the Group upon the Listing to regulate the relevant transactions. More details about the agreements and the transactions are set out below.

A. EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions will constitute continuing connected transactions for the Company under Rule 14A.33(3) of the Listing Rules after the Listing Date and will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Tenancy agreement between Wealthy Rise and Richzone Industries Limited ("Richzone")

On 4 September 2007, Wealthy Rise entered into a tenancy agreement with Richzone (the "Tenancy Agreement") under which Richzone agreed to lease to Wealthy Rise various rooms situated at Units 4001-09, Office Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong for a term of two years commencing on 1 September 2007 and expiring on 31 August 2009 at a monthly rental of HK\$54,584.00 per calendar month.

The rent was comparable to the prevailing market rate and Vigers Appraisal and Consulting Limited, an independent property valuer, has confirmed that the rental payable under the Tenancy Agreement is comparable to the then prevailing market rate.

Richzone is owned as to 50% by PEC, which is wholly-owned by Mr. CHONG Kin Ngai and as to 50% by Mr. SAM Wai Keung. Mr. CHONG Kin Ngai is a non-executive Director. Mr. SAM Wai Keung is a director of Jinzhou Huachang. Richzone is therefore an associate of each of Mr. CHONG Kin Ngai and Mr. SAM Wai Keung and hence a connected person of the Company upon Listing.

As each of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual rental under the Tenancy Agreement is less than 0.1% on an annual basis, the transactions under the Tenancy Agreement will constitute exempt continuing connected transactions for the Company under Rule 14A.33(3)(a) of the Listing Rules after the Listing and will be exempt from the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules. The Directors considered that the Tenancy Agreement was entered into on normal commercial terms.

Consultancy agreement between the Company and Dr. Stephen Sun-hai CHIAO

On 12 January 2008, the Company entered into a consultancy service agreement with Dr. Stephen Sun-hai CHIAO (the "Consultancy Agreement") under which Dr. Stephen Sun-hai CHIAO has agreed to provide consultancy services to companies within the Group as and when requested by the Company from time to time for a term of 3 years commencing on the Listing Date at a service fee of HK\$60,000 per annum (the "Consultancy Fee"). Dr. Stephen Sun-hai CHIAO will advise the Group upon its request from time to time on: (1) technical analysis and advice in relation to the Group's product quality, production process, productivity enhancement and cost control; (2) industry trends of the solar material development and applications; and

CONNECTED TRANSACTIONS

(3) analysis on any implication for as well as the optimization of the Group's business model in view of the overall development in the solar industry. The Consultancy Fee is determined based on Dr. Stephen Sun-hai CHIAO's duties, responsibility and experience and comparable to the prevailing market condition. Dr. Stephen Sun-hai CHIAO is the brother of Mr. CHIAO Ping Hai, who is a non-executive Director. Dr. Stephen Sun-hai CHIAO is therefore an associate of Mr. CHIAO Ping Hai and hence a connected person of the Company upon Listing. As each of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Consultancy Fee is less than 0.1% on an annual basis, the transactions under the Consultancy Agreement will constitute exempt continuing connected transactions for the Company under Rule 14A.33(3)(a) of the Listing Rules after the Listing and will be exempt from the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules. The Directors considered that the Consultancy Agreement was entered into on normal commercial terms.

B. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

The following transactions will constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules after the Listing and will be exempt from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules:

Provision of water and heat services by 錦州華榮物業管理有限公司(Jinzhou Huarong Property Management Company Limited*) ("Jinzhou Huarong")

On 12 January 2008, Jinzhou Huarong entered into a framework service agreement (the "Service Agreement") with the Company pursuant to which Jinzhou Huarong has agreed to provide water and heat (the "Services") to the Company and its subsidiaries designated by it from time to time. The agreement will commence on the Listing Date and expire on 31 December 2009.

The Service Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The fees to be charged by Jinzhou Huarong in relation to the Services were determined comparable to the prevailing market prices in local markets in the PRC based on the actual consumption of the water and heat supplied to the Enlarged Group.

For the three years ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate fees paid by Jinzhou Xinri, Jinzhou Yangguang, Jinzhou Huari and Jinzhou Huachang to Jinzhou Huarong in relation to the Services amounted to approximately RMB103,000, RMB307,000, RMB766,000 and RMB490,000, respectively. For the two years ended 31 December 2006 and the nine months ended 30 September 2007, the fees paid by Jinzhou Youhua, being a member of the Acquired Group, to Jinzhou Huarong in relation to the Services amounted to approximately RMB50,000, RMB112,000 and RMB58,000, respectively.

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CONNECTED TRANSACTIONS

Based on an estimate of the Enlarged Group's expected consumption of water and heat in the two years ending 31 December 2009, it is expected that the following annual cap amounts payable by the Enlarged Group under the Service Agreement will not exceed:

- (a) RMB2,941,000 for the year ending 31 December 2008; and
- (b) RMB3,975,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to the Enlarged Group's expected increase in production and the increase in the expected consumption of water and heat in the production process resulting therefrom.

Jinzhou Huarong is owned as to 90% by Huaxin Silicon, a sole proprietorship established in the PRC and wholly-owned by Mr. TAN who is an executive Director, and as to 10% by an Independent Third Party. Jinzhou Huarong is an associate of Mr. TAN and hence a connected person of the Company upon Listing. Consequently, the transactions under the Service Agreement will constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules after the Listing and will be exempt from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

C. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions (the "Non-Exempt Transactions") will constitute non-exempt continuing connected transaction for the Company and will thus be subject to reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules after the Listing:

Supply of graphite materials by 錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Products Company Limited) ("Jinzhou Changhua") and supply of quartz crucibles by Jinzhou Youxin

On 12 January 2008, the Company entered into a framework supply agreement with Jinzhou Changhua and Jinzhou Youxin (the "Supply Agreement") pursuant to which Jinzhou Changhua and Jinzhou Youxin have agreed to supply graphite materials and quartz crucibles respectively to the Company or its subsidiaries as requested by them from time to time. Such graphite materials and quartz crucibles serve as the Enlarged Group's raw materials for its production of ingots. The Supply Agreement will become effective on the Listing Date and expire on 31 December 2009. Formal purchase agreements (by way of purchase orders and confirmations) will be entered into between the Company, Jinzhou Changhua and Jinzhou Youxin (as the case may be) with the detailed terms and conditions as specified in the relevant purchase orders. The purchase arrangement under the Supply Agreement will be conducted on normal commercial terms and will be on terms no less favourable than those available from Independent Third Parties.

The Supply Agreement was entered in the ordinary and usual course of business of the Group and on normal commercial terms. The purchase price payable by the Enlarged Group to Jinzhou Changhua and Jinzhou Youxin (as the case may be) under the Supply Agreement will be estimated based on the expected purchase amount of the graphite materials and quartz crucibles and is comparable to the prevailing market prices.

CONNECTED TRANSACTIONS

For the three years ended 31 December 2006, the transactions were conducted between 錦州輝華碳素製品有限公司 (Jinzhou Huihua Carbon Products Company Limited*) (“Jinzhou Huihua”) (which was owned as to 90% by Mr. TAN and as to 10% by an Independent Third Party), and the aggregate amount of the purchase price paid by the Original Group to Jinzhou Huihua in relation to the sale and purchase of graphite materials amounted to approximately RMB3,257,000, RMB6,041,000 and RMB7,697,000, respectively. Jinzhou Huihua has ceased operation and is in the process of deregistration in the PRC. No transaction took place between Jinzhou Huihua and the Original Group for the nine months ended 30 September 2007.

The transactions between Jinzhou Huihua and Jinzhou Youhua commenced since 2005. For the two years ended 31 December 2006, the aggregate amount of the purchase price paid by Jinzhou Youhua to Jinzhou Huihua in relation to the sale and purchase of graphite materials amounted to approximately RMB1,988,000 and RMB1,647,000, respectively. No transaction took place between Jinzhou Huihua and Jinzhou Youhua for the nine months ended 30 September 2007.

The transactions between Jinzhou Xinri, Jinzhou Yangguang, Jinzhou Huari and Jinzhou Huachang, and Jinzhou Changhua in relation to the supply of graphite materials have commenced since 2006. For the year ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate amount of the purchase price paid by Jinzhou Xinri, Jinzhou Yangguang, Jinzhou Huari and Jinzhou Huachang to Jinzhou Changhua in relation to the sale and purchase of graphite materials amounted to approximately RMB1,205,000 and RMB10,820,000, respectively.

For the year ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate amount of the purchase price paid by Jinzhou Youhua to Jinzhou Changhua for the purchase of graphite materials amounted to approximately RMB246,000 and RMB2,255,000, respectively.

The transactions between Jinzhou Xinri, Jinzhou Yangguang, Jinzhou Huari and Jinzhou Huachang, and Jinzhou Youxin in relation to the supply of quartz crucibles have commenced since 2005. For the two years ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate amount of the purchase price paid by Jinzhou Xinri, Jinzhou Yangguang, Jinzhou Huari and Jinzhou Huachang to Jinzhou Youxin for the purchase of quartz crucibles amounted to approximately RMB12,474,000, RMB21,751,000 and RMB16,802,000, respectively.

The transactions between Jinzhou Youhua and Jinzhou Youxin have commenced since 2005. For the two years ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate amount of the purchase price paid by Jinzhou Youhua to Jinzhou Youxin for the purchase of quartz crucibles amounted to approximately RMB1,553,000, RMB6,353,000 and RMB4,649,000, respectively.

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CONNECTED TRANSACTIONS

The increases in the purchase amounts disclosed above were due to the increases in production of the Original Group and Jinzhou Youhua during the Track Record Period.

Based on the Directors' estimate of the purchase of graphite materials and quartz crucibles in the coming two years, it is expected that the following annual cap amounts payable by the Enlarged Group for transactions under the Supply Agreement will not exceed:

- (a) RMB185,177,000 for the year ending 31 December 2008; and
- (b) RMB246,450,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to (a) the Enlarged Group's expected increase in production (with the Enlarged Group's ingot production facilities increased from 100 ingot pullers at present to 196 and that for wafer wiresaws increased from 8 to 24 in the first half of 2008) and thus the increase in demand for graphite materials and quartz crucibles for the production requirements of the Enlarged Group resulting therefrom; and (b) the expected increase in the unit cost of graphite materials and quartz crucibles resulting from the increase in the size of the quartz crucible from 18 inches to 20 inches in diameter where a large portion of such modification work for the Group's ingots facilities will be implemented in 2008 with the remaining to be carried out in 2009. The increase in size of the quartz crucible from 18 inches to 20 inches in diameter for the Group's ingot production facilities allow the Group to produce better quality of ingots as well as with longer length for each ingot produced from the ingots puller.

Jinzhou Changhua, which was established in 2006, is owned as to 40% by Huaxin Silicon, which is owned by Mr. TAN, and as to 60% by PLC. PLC is owned as to 65% by Mr. CHONG Kin Ngai's wholly-owned companies. Mr. CHONG Kin Ngai is a non-executive Director. Jinzhou Changhua is therefore an associate of each of Mr. TAN and Mr. CHONG Kin Ngai and hence a connected person of the Company upon Listing. Jinzhou Youxin was owned as to 70% by 錦州市鑫鑫電子材料經營部 (Jinzhou Xinxin Electronic Trading Department*) ("Jinzhou Xinxin"), a wholly-owned company of Ms. ZHAO Xiu Qin, the spouse of Mr. TAN, and as to 30% by PLC from the date of incorporation of Jinzhou Youxin to 28 May 2007. On 28 May 2007, Jinzhou Xinxin transferred 70% interest in Jinzhou Youxin to an Independent Third Party. Jinzhou Youxin has been owned as to 30% by PLC, which is in turn owned as to 65% by Mr. CHONG Kin Ngai's wholly-owned companies, and as to 70% by an Independent Third Party. Jinzhou Youxin is therefore also an associate of Mr. CHONG Kin Ngai and hence a connected person of the Company upon Listing. Consequently, the transactions under the Supply Agreement will constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules after the Listing.

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CONNECTED TRANSACTIONS

Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX

On 12 January 2008, the Company entered into a framework supply agreement with WWX (the "WWX Supply Agreement") pursuant to which WWX agreed to supply, and/or procure its subsidiaries to supply scrap polysilicon raw material, scrap ingots and scrap wafers to the Company or its subsidiaries as requested by them from time to time. Such scrap polysilicon, scrap ingots and scrap wafers serve as the Enlarged Group's raw materials for its production of wafers. The term of the WWX Supply Agreement will become effective on the Listing Date and expire on 31 December 2009. Formal purchase agreements (by way of purchase orders and confirmations) will be entered into between the Company (and/or its subsidiaries) and WWX (and/or its subsidiaries) with the detailed terms and conditions as specified in the relevant purchase orders. The purchase arrangement under the WWX Supply Agreement will be conducted on normal commercial terms and will be on terms no less favourable than those available from Independent Third Parties.

The WWX Supply Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The purchase price payable by the Enlarged Group to WWX under the WWX Supply Agreement will be estimated based on the expected purchase amount of the scrap polysilicon, scrap ingots and scrap wafers and is comparable to the prevailing market prices in the scrap polysilicon, scrap ingots and scrap wafers market in the PRC.

For the three years ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate amount of the purchase price paid by the Acquired Group to WWX Group in relation to the supply of scrap polysilicon raw material, scrap ingots and scrap wafers amounted to approximately RMB18,338,000, RMB53,506,000, RMB67,804,000 and RMB45,066,000, respectively. The increases in the purchase amount as disclosed above were due to the increases in production of the Acquired Group during the Track Record Period.

During the Track Record Period, there was no transaction between the Original Group and WWX Group.

Based on the Directors' estimate of the purchase of scrap polysilicon, scrap ingots and scrap wafers in the coming two years, it is expected that the following annual cap amounts payable by the Enlarged Group for transactions under the WWX Supply Agreement will not exceed:

- (a) RMB87,024,000 for the year ending 31 December 2008; and
- (b) RMB102,728,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to the Enlarged Group's expected increase in production (with the Enlarged Group's ingot production facilities to increase from 100 ingot pullers at present to 196 and that for wafer wiresaws expected to increase from 8 to 24 in the first half of 2008) and thus the increase in demand for scrap polysilicon, scrap ingots and scrap wafers for the production requirements of the Enlarged Group resulting therefrom. These caps are also determined after discussion between the Enlarged Group and WWX in terms of its expected production of scrap polysilicon, scrap ingots and scrap wafers generated through its semi-conductor manufacturing process.

CONNECTED TRANSACTIONS

WWX holds 100% interests in WWIC. WWIC will become a Substantial Shareholder of the Company immediately after Listing. Each of WWX and its subsidiaries is therefore an associate of WWIC and hence a connected person of the Company. Consequently, the transactions under the WWX Supply Agreement will constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules after the Listing.

Sale of upgraded and processed polysilicon, solar ingots and solar wafers to WWX

On 12 January 2008, the Company entered into a framework sale agreement with WWX (the “WWX Sale Agreement”) pursuant to which the Company has agreed to sell, or procure its subsidiaries to sell upgraded and processed polysilicon, solar ingots and solar wafers to WWX and/or its subsidiaries. The WWX Sale Agreement will become effective on the Listing Date and expire on 31 December 2009. Formal sale agreements (by way of purchase orders and confirmations) will be entered into between the Company (and/or its subsidiaries) and WWX and/or its subsidiaries with the detailed terms and conditions as specified in the relevant purchase orders. The sale arrangement under the WWX Sale Agreement will be conducted on normal commercial terms and will be on terms no less favourable than those available from Independent Third Parties.

The WWX Sale Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The purchase price payable by WWX to the Enlarged Group under the WWX Sale Agreement will be determined comparable to the prevailing market price of upgraded and processed polysilicon, solar ingots and solar wafers.

For the three years ended 31 December 2006 and the nine months ended 30 September 2007, the aggregate amount of the sales proceeds received by the Acquired Group from WWX Group in relation to the sale of upgraded and processed polysilicon, solar ingot and solar wafers amounted to approximately RMB724,000, RMB4,511,000, RMB94,671,000 and RMB134,765,000, respectively. The increase in sales to WWX Group in 2005 was due to the increase in production capacity of the Acquired Group resulting from the commencement of operation of Shanghai Jingji. The significant increase in sales to WWX Group in 2006 was due to the further expansion of the production capacity of the Acquired Group resulting from the commencement of operation of Jinzhou Youhua.

During the Track Record Period, there was no transaction between the Original Group and WWX Group.

Based on the Directors’ estimate of the sales of upgraded and processed polysilicon, solar ingots and solar wafers in the coming two years, it is expected that the following annual cap amounts receivable by the Enlarged Group for transactions under the WWX Sale Agreement will not exceed:

- (a) RMB190,692,000 for the year ending 31 December 2008; and
- (b) RMB239,815,000 for the year ending 31 December 2009.

CONNECTED TRANSACTIONS

The Directors believe that WWX Group has been purchasing from the Acquired Group, mainly due to the Acquired Group's product quality and reliability. Sales of upgraded and processed polysilicon, solar ingots and solar wafers to WWX and its subsidiaries have increased over time and the above proposed caps are determined with reference to (a) the Enlarged Group's expected increase in production capacity (with the Enlarged Group's ingots production facilities expected to increase from 100 ingots pullers at present to 196 and that for wafers wiresaw expected to increase from 8 to 12 in the first half of 2008) and (b) the increase in sales to WWX resulting from the expected increase in demand for solar based products in Taiwan. Furthermore, part of the sales of upgraded and processed polysilicon is determined by reference to WWX's expected consumption of recycled polysilicon materials as feedstock for its semi-conductor production, in light of the continued price increase in high-grade polysilicon.

As mentioned in the paragraph headed "Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX" above, WWX is a connected person, the transactions under the WWX Sale Agreement will therefore constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules after the Listing.

The provision of services in respect of acidic wash of silicon, the processing and production of polysilicon and wafers to WWX

On 12 January 2008, the Company entered into a framework processing agreement with WWX (the "WWX Processing Agreement") pursuant to which the Company agreed to provide, or procure its subsidiaries to provide service, the services in respect of acidic wash of silicon, the processing and recycling of top and tail scrap, pot scrap and scrap silicon into polysilicon and other raw materials necessary for the production of solar ingots as well as the processing and production of solar wafers to WWX or its subsidiaries. The WWX Processing Agreement will become effective on the Listing Date and expire on 31 December 2009. Formal agreements (by way of processing orders and confirmations) will be entered into between the Company (and/or its subsidiaries) and WWX (and/or its subsidiaries) with the detailed terms and conditions as specified in the relevant processing orders. The processing arrangement under the WWX Processing Agreement will be conducted on normal commercial terms and will be on terms no less favourable than those available from Independent Third Parties.

The WWX Processing Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The processing fee will be subject to the individual processing orders placed by WWX Group with the Enlarged Group and will be determined comparable to the prevailing market price in respect of the processing services provided by a comparable sub-contractor in the market in the PRC.

For the three years ended 31 December 2006 and the nine months ended 30 September 2007, the fees received by the Acquired Group from WWX Group in relation to acidic wash of silicon, the processing and recycling of top and tail scrap, pot scrap and scrap silicon amounted to approximately RMB5,128,000, RMB7,510,000, RMB4,585,000 and RMB2,657,000 respectively.

CONNECTED TRANSACTIONS

During the Track Record Period, there was no such transaction between the Original Group and WWX Group.

Based on the Directors' estimate of the processing services in the coming two years, it is expected that the following annual cap amounts receivable by the Enlarged Group for transactions under the WWX Processing Agreement will not exceed:

- (a) RMB43,910,000 for the year ending 31 December 2008; and
- (b) RMB53,524,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to (a) the Enlarged Group's expected increase in processing capacity (with the Enlarged Group's ingot production facilities expected to increase from 100 ingot pullers at present to 196 and that for wafer wiresaws expected to increase from 8 to 24 in the first half of 2008) and (b) the increase in WWX's demand for recycled polysilicon materials required for its semi-conductor production, in light of the continued price increase in high-grade polysilicon. As recycled polysilicon is a cheaper source of polysilicon raw material for semi-conductor production, WWX may seek to use a greater portion of the recycled polysilicon for its semi-conductor production.

As mentioned in the paragraph headed "Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX" above, WWX is a connected person of the Company. The transactions under the WWX Processing Agreement will therefore constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules after the Listing.

SCOPE OF WAIVER

The transaction as set out in section (B) "Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements" above will constitute continuing connected transactions of the Group which will exempt from independent shareholders' approval under Rule 14A.34 of the Listing Rules and will be subject to the reporting and announcement requirements set out in Rule 14A.35(3) of the Listing Rules following the Listing. The Non-Exempt Transactions as set out in section (C) "Non-Exempt Continuing Connected Transactions" above will be subject to announcement and independent shareholders' approval requirements set out in Rules 14A.47 to 14A.48 of the Listing Rules following the Listing. The Non-Exempt Transactions, together with the transactions set out in section (B) above, are collectively referred to as the "Relevant Connected Transactions".

The Directors, including the independent non-executive Directors, confirmed that the Relevant Connected Transactions set out above will be entered into and conducted in the ordinary and usual course of business and on normal commercial terms; and the terms and the proposed annual caps set out above are fair and reasonable and in the interests of the Shareholders as a whole.

CONNECTED TRANSACTIONS

Owing to the on-going nature of the Relevant Connected Transactions, the Directors consider that strict compliance with the announcement and shareholders' approval requirements in respect of the Relevant Connected Transactions would be impractical and unduly onerous for the Enlarged Group and entail unnecessary administrative costs to the Enlarged Group. Accordingly, the Company has requested the Stock Exchange to grant:

- (a) a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules at the time of the Listing in respect of the transaction set out in section (B) above; and
- (b) a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules at the time of the Listing in respect of the Non-Exempt Transactions set out in section (C) above.

The Stock Exchange has agreed to grant to the Company the waiver in paragraph (a) above; and has also agreed to grant to the Company, the waiver as outlined in paragraph (b) above expiring on 31 December 2009. In addition, the Company has confirmed that it will comply with Rules 14A.35(1), 14A.35(2), and 14A.36 – 14A.40 of the Listing Rules, and will be subject to the annual cap amounts as described above. A summary of the relevant annual caps for each financial year are set forth below:

Relevant Connected Transactions	Annual caps for the year ending 31 December	
	2008	2009
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Provision of water and heat services by Jinzhou Huarong	2,941	3,975
Supply of graphite materials and quartz crucibles by Jinzhou Changhua and Jinzhou Youxin	185,177	246,450
Supply of polysilicon, ingots and wafers by WWX	87,024	102,728
Sale of polysilicon, ingots and wafers to WWX	190,692	239,815
Provision of services in respect of the processing and production of polysilicon and wafers to WWX	43,910	53,524

CONNECTED TRANSACTIONS

CONFIRMATION FROM THE SPONSOR

The Sponsor is of the view that the Relevant Connected Transactions are carried out in the ordinary and usual course of business of the Group and on normal commercial terms. The terms and the annual caps as disclosed are fair and reasonable and in the interests of the Shareholders as a whole.

In addition, the Sponsor, after (i) reviewing the connected party transactions during the Track Record Period, (ii) reviewing the relevant records including those related to the sale and purchase of goods or services by the Group from Independent Third Parties; and (iii) discussing with the Directors in relation to the commercial reasoning and pricing policy of the transactions, concur with the view of the Directors that each of the connected party transactions described above was conducted in the ordinary and usual course of the Group's business and on normal commercial terms.