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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Solargiga Energy Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Solargiga Energy

Solargiga Energy Holdings Limited **陽光能源控股有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

Piper Jaffray

A letter from the Board is set out on pages 4 to 11 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the terms of the Sale Agreement, the Processing Agreement and their respective cap amounts is set out on pages 12 to 13 of this circular. A letter from Piper Jaffray, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Sale Agreement, the Processing Agreement and their respective cap amounts is set out on pages 14 to 21 of this circular.

A notice convening the Extraordinary General Meeting to be held at Vinson Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on Friday, 7 November 2008 at 3:00 p.m. is set out on pages 30 to 31 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit with the Company's Hong Kong branch share registrar and transfer office at Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting should you so wish.

2 September 2008

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Solargiga Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Sale Agreement and the Processing Agreement
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	extraordinary general meeting of the Company to be held on 7 November 2008 to approve, among other things, the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions or any adjournment thereof
“Grand Sea”	Grand Sea Investments Limited, a Shareholder which is owned as to approximately 62.5% by Ms Katherine Chiao, as to approximately 18.75% by Mr. Edward Young Chiao and as to approximately 18.75% by Mr. Stephen Chiao Sun Hai
“Group”	the Company and its subsidiaries
“Huachang Guangfu”	Jinzhou Huachang Photovoltaic Technology Co., Ltd.* (錦州華昌光伏有限公司), a company incorporated in the PRC

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

DEFINITIONS

“Huaxin Silicon”	Jinzhou Huaxin Silicon Material Trading Department* (錦州華新硅材料經營部), a sole proprietorship enterprise in the PRC and wholly-owned by Mr. Tan, is engaged in investment holding
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, which has been established to advise the Independent Shareholders on the Continuing Connected Transactions
“Independent Financial Adviser” or “Piper Jaffray”	Piper Jaffray Asia Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions
“Independent Shareholders”	the Shareholders other than Mr. Tan, Mr. Chong, PLC, Grand Sea, Seaquest, Mr. Chiao Ping Hai and their respective associates
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is independent of and not connected with the Company and its connected persons
“Jinzhou Aoke”	Jinzhou Aoke New Materials Co., Ltd.* (錦州奧克新材料有限公司), a company incorporated in the PRC
“Jinzhou Yuexin”	Jinzhou Yuexin Silicon Materials Co., Ltd.* (錦州悅鑫硅材料有限公司), a company incorporated in the PRC

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

DEFINITIONS

“Latest Practicable Date”	28 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“Listing Date”	31 March 2008, on which the trading of the shares of the Company first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chong”	Mr. Chong Kin Ngai, a non-executive Director, a Shareholder and a connected person of the Company
“Mr. Tan”	Mr. Tan Wenhua, an executive Director, a Shareholder and a connected person of the Company
“PLC”	Prosperity Lamps and Components Limited, a Shareholder which is owned as to 65% by Mr. Chong’s wholly owned companies, as to 30% by Mr. Sam Wai Keung and as to 5% by Mr. Chong Yu Ka
“PRC”	the People’s Republic of China
“Processing Agreement”	the processing agreement dated 12 August 2008 entered into between the Company and Jinzhou Aoke
“RMB”	Renminbi, the lawful currency of PRC
“Sale Agreement”	the sale agreement dated 12 August 2008 entered into between the Company and Huachang Guangfu
“Seaquest”	Seaquest Ventures Inc., a Shareholder which is wholly owned by Mr. Quintin Wu
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



Solargiga Energy

Solargiga Energy Holdings Limited

陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

Executive Directors:

Mr. Tan Wenhua
Mr. Hsu You Yuan
Ms. Zhang Liming

Non-executive Directors:

Mr. Chiao Ping Hai (*Chairman*)
Mr. Chong Kin Ngai

Independent Non-executive Directors:

Mr. Wong Wing Kuen, Albert
Ms. Fu Shuangye
Dr. Lin Wen
Mr. Zhang Chun

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KYI-1111
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Rooms 4001-06, Office Tower
Convention Plaza
1 Harbour Road
Hong Kong

2 September 2008

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the Company's announcement dated 12 August 2008 (the "**Announcement**"). The Board announced that on 12 August 2008, the Company entered into the Sale Agreement with Huachang Guangfu pursuant to which the Company agreed to sell, or procure its subsidiaries to sell and Huachang Guangfu agreed to buy, or procure its subsidiaries to buy solar wafers. The Board also announced that on 12 August 2008, the Company entered into the Processing Agreement with Jinzhou Aoke pursuant to which the Company agreed to engage, or procure its subsidiaries to engage Jinzhou Aoke and/or its subsidiaries for the processing of wire slurry into recycled abrasives and mineral oil, a material necessary for the slicing of solar ingots into solar wafers.

The purpose of this circular is to provide the Shareholders with, among other things, details of the Sale Agreement, the Processing Agreement and their respective cap amounts in relation to the Continuing Connected Transactions as well as the advice of the Independent Financial Adviser.

LETTER FROM THE BOARD

THE SALE AGREEMENT

Date: 12 August 2008

Parties: The Company

Huachang Guangfu, a company incorporated in the PRC, is owned (i) as to 53% by Huaxin Silicon whose equity interest is wholly owned by Mr. Tan, (ii) as to 22% by PLC which is owned as to 65% by Mr. Chong's wholly owned companies, as to 30% by Mr. Sam Wai Keung (a director of Jinzhou Huachang Silicon Materials Co., Ltd., a wholly owned subsidiary of the Company) and as to 5% by Mr. Chong Yu Ka, an Independent Third Party, (iii) as to 20% by Grand Sea, a Shareholder, and (iv) as to 5% by Seaquest, a Shareholder.

Grand Sea is owned as to 18.75% by Mr. Stephen Chiao Sun Hai. As Mr. Stephen Chiao Sun Hai is (i) the brother of Mr. Chiao Ping Hai who is a non-executive Director and (ii) a substantial shareholder of Grand Sea, Grand Sea is an associate of Mr. Chiao Ping Hai and a connected person of the Company under the Listing Rules. Seaquest is a Shareholder which is owned by Mr. Quintin Wu, an Independent Third Party.

Scope: Pursuant to the Sale Agreement, the Company has agreed to or procure its subsidiaries to sell solar wafers to Huachang Guangfu and/or its subsidiaries (the "**Sale Transactions**").

Term: The Sale Agreement has a fixed term of three financial years ending on 31 December 2010.

Price: The basis of determining the prices for the transactions under the Sale Agreement will be in accordance with the prevailing market price of solar wafers and the sales quantity.

Terms of the Sale Transactions: The terms of the Sale Transactions will be determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties.

LETTER FROM THE BOARD

Annual cap amounts for the Sale Transactions: During the term of the Sale Agreement, the annual maximum amount of the Sale Transactions will not exceed the following amounts:

- (i) RMB225,720,000 for the year ending 31 December 2008;
- (ii) RMB1,212,750,000 for the year ending 31 December 2009; and
- (iii) RMB2,113,650,000 for the year ending 31 December 2010.

Condition: The Sale Agreement is subject to approval by the Independent Shareholders.

Payment: Payments for the Sale Transactions will be at credit terms to be agreed between the parties in accordance with the normal term of sale offered to Independent Third Parties.

The annual cap amounts under the Sale Agreement are determined by reference to (i) the actual quantity of solar wafers produced by the Group in the first half of 2008; (ii) the anticipated increase in solar wafer production arising from an expansion in the Group's manufacturing bases which is, subject to the prevailing market conditions, expected to reach approximately 48 million, 150 million and 250 million pieces of solar wafer by end of 2008, 2009 and 2010, respectively; (iii) the anticipated increase in demand from Huachang Guangfu for solar wafers; and (iv) the price of solar wafers sold to Independent Third Parties.

The Group expects that during the period between the date of the Announcement and the date of the Extraordinary General Meeting it will enter into further transactions with Huachang Guangfu for the sale of solar wafers (the "**Interim Sale Transactions**"). The Interim Sale Transactions will be contracted on a transaction-by-transaction basis and individual agreements will be entered into with Huachang Guangfu for each of these Interim Sale Transactions, the terms of which will be the same as those of the Sale Agreement. No master agreement will be entered into in relation to these Interim Sale Transactions. The aggregate amount of the Interim Sale Transactions is expected to be not more than RMB25,000,000. The Interim Sale Transactions will be on normal commercial terms and will be entered into in the usual and ordinary course of business of the Group. The Directors (including the independent non-executive Directors) are of the view that the terms of the Interim Sale Transactions are fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole.

As the relevant ratios of the Interim Sale Transactions are less than 2.5%, the Interim Sale Transactions are only subject to the reporting and announcement requirements and will be exempt from the Independent Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

THE PROCESSING AGREEMENT

- Date: 12 August 2008
- Parties: The Company
- Jinzhou Aoke, a company incorporated in the PRC, is owned as to 35% by Jinzhou Yuexin whose equity interest is wholly owned by Mr. Tan and as to 65% by Independent Third Parties.
- Scope: Pursuant to the Processing Agreement, the Company has agreed to or procure its subsidiaries to engage Jinzhou Aoke and/or its subsidiaries for the processing of wire slurry (the “**Processing Transactions**”). The Company will supply wire slurry to Jinzhou Aoke for the recycling and processing into abrasives and mineral oil which will be used by the Group in the slicing of solar ingots into solar wafers.
- Term: The Processing Agreement has a fixed term of three financial years ending on 31 December 2010.
- Price: The basis of determining the processing fee under the Processing Agreement will be in accordance with the prevailing market price and the anticipated quantity of recycled abrasives and mineral oil to be obtained by the Group.
- Term of the Processing Transactions: The terms of the Processing Transactions will be determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties.
- Annual cap amounts for the Processing Transactions: During the term of the Processing Agreement, the annual maximum amount of the Processing Transactions will not exceed the following amounts:
- (i) RMB8,827,000 for the year ending 31 December 2008;
 - (ii) RMB75,746,000 for the year ending 31 December 2009; and
 - (iii) RMB147,736,000 for the year ending 31 December 2010.
- Condition: The Processing Agreement is subject to approval by the Independent Shareholders.
- Payment: Payments for the Processing Transactions will be at credit terms to be agreed between the parties in accordance with the normal terms offered to Independent Third Parties.

LETTER FROM THE BOARD

The Company has not entered into and has no intention in entering into any transactions with Jinzhou Aoke prior to the Extraordinary General Meeting. The annual cap amounts under the Processing Agreement are determined by reference to (i) the actual quantity of abrasives and mineral oil used by the Group in the first half of 2008; (ii) the anticipated increase in wafer production arising from an expansion in the Group's manufacturing bases which is, subject to the prevailing market conditions, expected to reach approximately 48 million, 150 million and 250 million pieces of wafer by end of 2008, 2009 and 2010, respectively; (iii) the anticipated quantity of recycled abrasives and mineral oil to be obtained by the Group in the next three financial years; and (iv) the projected processing fee of recycled abrasives and mineral oil in the next three financial years.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AGREEMENT AND THE PROCESSING AGREEMENT

Huachang Guangfu is a new customer of the Group. Having considered the anticipated increasing demand of solar wafers from Huachang Guangfu whose transaction terms are no less favourable than terms available to other Independent Third Parties, the Directors believe that the entering of the Sale Agreement will enable the Group to secure a potential major customer and thereby enhancing the sale performance and profitability of the Group.

Recycled abrasives and mineral oil cost less than new abrasives and mineral oil. When mixed with new abrasives and mineral oil in a prescribed proportion, the mixture can be used in the slicing of solar ingots into solar wafers. Jinzhou Aoke is principally engaged in the recycling and processing of wire slurry, the factory of which is located in Jinzhou in the PRC. As such, the Directors consider that it would be cost efficient to engage Jinzhou Aoke to process the Group's wire slurry to recycled abrasives and mineral oil. In addition, with the close proximity between the Company and Jinzhou Aoke, the transportation costs will be lowered when compared with other wire slurry processing companies which are not located in Jinzhou. With the increasing demand for recycled abrasives and mineral oil, the Directors believe that the entering of the Processing Agreement, the terms of which are no less favourable than terms available to Independent Third Parties, will lower the overall production cost which is in line with the Group's strategy.

GENERAL INFORMATION

The Group is one of the leading manufacturers of monocrystalline silicon ingots, measured in terms of production output and sales in the PRC. It is engaged in the manufacturing of monocrystalline silicon ingots and wafers and the recycling and processing of scrap polysilicon. Silicon ingots and wafers are used for the manufacturing of photovoltaic cells which are important component of the solar energy generation system.

Huachang Guangfu is incorporated in the PRC and is principally engaged in the manufacturing of photovoltaic cells and solar cells. Jinzhou Aoke is incorporated in the PRC and is principally engaged in the business of recycling and reprocessing of wire slurry, lubricants (潤劑) and silicon materials (硅微粉).

LETTER FROM THE BOARD

IMPLICATIONS OF THE LISTING RULES

As at the date of this circular, Huachang Guangfu is owned (i) as to 53% by Huaxin Silicon whose equity interest is wholly owned by Mr. Tan, (ii) as to 22% by PLC which is owned as to 65% by Mr. Chong's wholly owned companies, as to 30% by Mr. Sam Wai Keung (a director of Jinzhou Huachang Silicon Materials Co., Ltd., a wholly owned subsidiary of the Company) and as to 5% by Mr. Chong Yu Ka, an Independent Third Party; (iii) as to 20% by Grand Sea and (iv) as to 5% by Seaquest. As at the date of this circular, Jinzhou Aoke is owned as to 35% by Jinzhou Yuexin whose equity interest is wholly owned by Mr. Tan and as to 65% by Independent Third Parties. Accordingly, Huachang Guangfu and Jinzhou Aoke are the associates of Mr. Tan within the meaning of the Listing Rules, and the transactions contemplated under the Sale Agreement and the Processing Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under the Sale Agreement and the Processing Agreement will exceed 2.5%, the Sale Agreement and the Processing Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

The Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Sale Agreement and the Processing Agreement have been negotiated on arm's length basis and the Continuing Connected Transactions will be conducted on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that as far as the Independent Shareholders are concerned, the terms of the Sale Agreement and the Processing Agreement are fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole.

The Company will therefore seek the approval of the Independent Shareholders of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions under the Sale Agreement and the Processing Agreement on terms in compliance with Rule 14A.48 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions. The voting at the Extraordinary General Meeting will be taken by poll. Mr. Tan, Mr. Chong, PLC, Grand Sea, Seaquest, Mr. Chiao Ping Hai and their respective associates will, and Mr. Chong Yu Ka, Mr. Sam Wai Keung, Ms Katherine Chiao, Mr. Edward Young Chiao, Mr. Stephen Chiao Sun Hai, Mr. Quintin Wu will (if any of them becomes a registered Shareholder before the Extraordinary General Meeting) abstain

LETTER FROM THE BOARD

from voting for the resolution to be proposed at the Extraordinary General Meeting to approve the Sale Agreement and its respective annual cap amounts. Mr. Tan and his associates will abstain from voting for the resolution to be proposed at the Extraordinary General Meeting to approve the Processing Agreement and its respective annual cap amounts.

Set out on pages 30 to 31 is a notice convening the Extraordinary General Meeting to be held at Vinson Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on Friday, 7 November 2008 at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions. Pursuant to the requirements of the Listing Rules, the vote of the Independent Shareholders at the Extraordinary General Meeting for the approval of the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts will be taken by poll.

The form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you are able to attend the Extraordinary General Meeting in person, you are advised to read the notice and complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office at Computershare Hong Kong Investor Services Limited, Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting thereof should you so wish.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 and 13 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts and the Letter from Piper Jaffray on pages 14 to 21 of this circular which contains its advice and the principal factors and reasons it has taken into consideration in arriving at its advice with regard to the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions.

You are advised to read the letter from Independent Board Committee and the Letter from Piper Jaffray mentioned above before deciding as to how to vote at the Extraordinary General Meeting.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the Extraordinary General Meeting.

Yours faithfully,
By order of the Board of
Solargiga Energy Holdings Limited
Hsu You-Yuan
Director



Solargiga Energy

Solargiga Energy Holdings Limited
陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

2 September 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise you in connection with the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions, details of which are set out in the “Letter from the Board” in the circular dated 2 September 2008 (the “**Circular**”) of which this letter forms part. Defined terms used in this letter shall have the same meanings as given to them in the Circular, unless the context otherwise requires.

We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to you to set out our opinion in respect of the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions. The Independent Board Committee was set up to advise you whether in its view the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and whether the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions are fair and reasonable so far as the Company and the Shareholders are concerned.

Piper Jaffray has been appointed by the Company to advise us and the Independent Shareholders as to whether the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions are fair and reasonable so far as the Company and the Shareholders are concerned. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 14 to 21 of the Circular.

Your attention is also drawn to the “Letter from the Board” set out on pages 4 to 11 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions, we consider that the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions are fair and reasonable so far as the Company and the Shareholders are concerned and that they are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of the Extraordinary General Meeting attached to the Circular to approve the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. WONG Wing Kuen, Albert
Independent Non-executive Director

Ms. FU Shuangye
Independent Non-executive Director

Dr. LIN Wen
Independent Non-executive Director

Mr. ZHANG Chun
Independent Non-executive Director

LETTER FROM PIPER JAFFRAY

The following is the letter of advice from Piper Jaffray Asia Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular:

Piper Jaffray

3902B, 39th Floor, Tower 1
Lippo Centre
89 Queensway
Hong Kong

2 September 2008

*The Independent Board Committee and
the Independent Shareholders*

Solargiga Energy Holdings Limited
Rooms 4001–06, Office Tower
Convention Plaza
1 Harbour Road
Hong Kong

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale Agreement and the Processing Agreement, details of which are contained in the circular (“Circular”) dated 2 September 2008, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless context otherwise requires.

On 12 August 2008, the Company entered into the Sale Agreement with Huachang Guangfu pursuant to which the Company agreed to sell, or procure its subsidiaries to sell and Huachang Guangfu agreed to buy, or procure its subsidiaries to buy solar wafers.

On 12 August 2008, the Company entered into the Processing Agreement with Jinzhou Aoke pursuant to which the Company agreed to engage, or procure its subsidiaries to engage Jinzhou Aoke and/or its subsidiaries in the processing of wire slurry into recycled abrasives and mineral oil, the material necessary for slicing solar ingots into solar wafers.

As at the Latest Practicable Date, Huachang Guangfu is owned (i) as to 53% by Huaxin Silicon whose equity interest is wholly owned by Mr. Tan; (ii) as to 22% by PLC which is owned as to 65% by Mr. Chong’s wholly owned companies, as to 30% by Mr. Sam Wai Keung (a director of Jinzhou Huachang Silicon Materials Co., Ltd., a wholly owned subsidiary of the Company) and as to 5% by Mr. Chong Yu Ka, an Independent

LETTER FROM PIPER JAFFRAY

Third Party; (iii) as to 20% by Grand Sea; and (iv) as to 5% by Sequest. As at the Latest Practicable Date, Jinzhou Aoke is owned as to 35% by Jinzhou Yuexin whose equity interest is wholly owned by Mr. Tan and as to 65% by Independent Third Parties. Mr. Tan is an executive Director, a shareholder and a connected person of the Company. Accordingly, Huachang Guangfu and Jinzhou Aoke are the associates of Mr. Tan within the meaning of the Listing Rules and the transactions contemplated under the Sale Agreement and the Processing Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

The Group is one of the leading manufacturers of monocrystalline silicon ingots, measured in terms of production output and sales in China. It is engaged in the manufacturing of monocrystalline silicon ingots and wafers and the recycling and processing of scrap polysilicon. Silicon ingots and wafers are used for the manufacturing of photovoltaic cells which are important component of the solar energy generation system.

Huachang Guangfu, a company incorporated in the PRC, is principally engaged in the manufacturing of photovoltaic cells and solar cells.

Jinzhou Aoke, a company incorporated in the PRC, is principally engaged in the business of recycling and reprocessing of wire slurry, lubricants and silicon materials.

BASES OF THE ADVICE

In formulating our advice, we have relied on the statements, information and facts supplied, and the opinions expressed and the representations made by the Directors and management of the Group, which we have assumed to be true and accurate at the time they were made and continue to be true and accurate in all aspects at the date of the despatch of the Circular. We have also assumed that all statements of beliefs, opinions, assumptions and intention made by the Directors and the management of the Group in the Circular were reasonably made after due and careful enquiry and the expectations and intentions made by the Directors and management of the Group will be met or carried out as the case may be. We consider that we have reviewed sufficient information to reach an informed view to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group or that any material facts have been omitted or withheld.

We have not, however, conducted an independent in-depth investigation of the information provided by the management of the Group and Directors, nor have we conducted any independent investigation into the businesses, and affairs of the Group or its future prospects.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice on the Continuing Connected Transactions, we have taken into consideration the principal factors and reasons set out below.

LETTER FROM PIPER JAFFRAY

A. The Sale Agreement

Benefit of and reasons for the Sale Agreement

According to 2008 China Solar Grade Wafer/Ingot Industry Research Report published by QYResearch Solar Energy Research Center, a research institute in China, China solar wafer shipment experienced an increase of 177.6% from 2005 to 2006, 146.8% from 2006 to 2007, and is expected to be increased by 99.4% by the end of 2008. China solar wafer shipment is expected to remain high and increasing in the coming years with great demand from China cell or module manufacturers.

Having discussed with the management of the Group, we understand that there has been shortage in solar wafers in the market. Currently, the Group is in full production capacity. The Group plans to substantially increase its manufacturing capacity in order to meet the anticipated increasing demand for the Group's products. As mentioned in the "Letter from the Board", subject to the prevailing market conditions, the annual solar wafer production capacity of the Group is expected to reach approximately 48 million, 150 million and 250 million pieces of solar wafer by end of 2008, 2009 and 2010, respectively. The Directors believe the entering into of the Sale Agreement will enable the Group to secure a potential major customer.

We note that there has been shortage of solar wafers in the market. As such, we have discussed with the management of the Group what factors they would consider in selecting customers, in particular, among independent customers and Huachang Guangfu, in case the demand for the Group's solar wafers exceeds the supply. The management of the Group has advised that in selecting customers, they would consider, among other things, the terms of the transactions, payment history as well as the relationship with the customers and that there will be no preferential treatment given by the Group to Huachang Guangfu. The Directors are of the view that Huachang Guangfu could satisfy the customers' selection criteria mentioned above.

As mentioned in the paragraph headed "Principal terms of the Sale Agreement" below, the terms of Sale Transactions will be on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties, and payments for the Sale Transactions will be at credit terms to be agreed between the Group and Huachang Guangfu in accordance with the normal term of sale offered to Independent Third Parties. Furthermore, based on the estimated demand of the Group's solar wafers from Huachang Guangfu, Huachang Guangfu could become one of the major customers of the Group. As the terms offered by Huachang Guangfu under the Sale Transactions will be no less favourable to the Company than terms available from Independent Third Parties, and Huachang Guangfu could become one of the major customers of the Group, we concur with the Directors' view that Huachang Guangfu could satisfy the customers' selection criteria mentioned above.

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Having considered the Group's plan to substantially increase the solar wafer production capacity in the next three financial years and, based on the estimated demand from Huachang Guangfu during the same period (as mentioned in the paragraph headed "Bases of the annual caps under the Sale Agreement" below), Huachang Guangfu would become one of the major customers of the Group, we concur with the Directors' view that it is in the interests of the Company to enter into the Sale Agreement so as to secure a potential major customer and broaden customer base.

Principal terms of the Sale Agreement

The Sale Agreement has a fixed term of three financial years ending on 31 December 2010. The selling price of solar wafers for the transactions under the Sale Agreement is determined in accordance with the prevailing market price of solar wafers and the sales quantity. The terms of the Sale Transactions will be determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties. Payments for the Sale Transactions will be at credit terms to be agreed between the Group and Huachang Guangfu in accordance with the normal term of sale offered to Independent Third Parties.

On the basis that (i) the Sale Agreement is entered into in the ordinary course of business of the Company; (ii) the terms of the Sale Transactions are based on normal commercial terms and will be no less favourable to the Company than terms available from the Independent Third Parties, we concur with the Directors' view that the principal terms of the Sale Agreement are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Bases of the related annual caps under the Sale Agreement

The Company currently estimates that the annual amount of solar wafers sold to Huachang Guangfu will not exceed RMB226 million, RMB1,213 million and RMB2,114 million for each of the three years ending 31 December 2010, respectively, representing year-on-year increase of approximately 437% and 74%, respectively. As mentioned in the "Letter from the Board", such annual caps are determined by reference to (i) the actual quantity of solar wafers produced by the Group in the first half of 2008; (ii) the anticipated increase in solar wafer production arising from an expansion in the manufacturing bases; (iii) the anticipated increase in demand from Huachang Guangfu for solar wafers; and (iv) the price of solar wafers sold to Independent Third Parties.

Pursuant to the 2007 annual report of the Company, the Company has demonstrated strong sales of solar wafers, attributed by increase in both sales volume and average selling prices. We have reviewed the selling prices of the solar wafers of the Group to major customers who are Independent

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Third Parties for the financial year ended 31 December 2007 and the six months ended 30 June 2008, as well as certain sample sales invoices of solar wafers sold to Independent Third Parties. We note that the selling prices are generally in a slightly increasing trend. We have discussed with the management of the Group regarding the basis of the annual caps and note that the average price of solar wafers sold to Huachang Guangfu for the three years ending 31 December 2010 is estimated based on the recent price of solar wafers sold to Independent Third Parties.

Furthermore, the annual caps also represent approximately 5 million, 25 million and 43 million pieces of solar wafers to be sold to Huachang Guangfu for each of the three years ending 31 December 2010, respectively. We were advised that such sales volume is determined based on the expected solar wafer demand of Huachang Guanfu for the three years ending 31 December 2010, which in turn is estimated based on the planned production capacity of Huachang Guangfu. We have reviewed the planned production capacity of Huachang Guangfu for the three years ending 31 December 2010 provided to the Company by the management of Huachang Guangfu. We note that the sales volume of solar wafers sold to Huachang Guangfu estimated under the annual caps for the year ending 31 December 2008 represents approximately 100% of the estimated solar wafer demand from Huachang Guangfu in the second half of 2008, while the estimated sales volume of solar wafers sold to Huachang Guangfu for the two years ending 31 December 2010 represents approximately 55% to 65% of the estimated solar wafer demand from Huachang Guangfu for the same periods.

As mentioned in the "Letter from the Board", after taking consideration of the Group's expansion plan in solar wafer production capacity and subject to the prevailing market conditions, the annual solar wafer production capacity of the Group is expected to reach approximately 48 million, 150 million and 250 million pieces of solar wafer by end of 2008, 2009 and 2010, respectively. The sales volume under the proposed annual caps accounts for approximately 25% of the estimated volume of solar wafers produced by the Group (excluding those to be produced for original equipment manufacturer ("OEM") customers) for the six months ending 31 December 2008. The sales volume of solar wafers sold to Huachang Guangfu estimated under the annual caps for the two years ending 31 December 2010 represent approximately 35% of the estimated volume of solar wafer produced by the Group (excluding those to be produced for OEM customers) for the two years ending 31 December 2010. Based on the above, we are satisfied that the Group would have sufficient production capacity to meet the above estimated demand from Huachang Guangfu.

Having considered the basis discussed above, we consider that the assumptions and projections made in determining the annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

B. The Processing Agreement

Benefit of and reasons for the Processing Agreement

Jinzhou Aoke, a company incorporated in the PRC, is principally engaged in the business of recycling and reprocessing of wire slurry, lubricants and silicon materials. Processing of wire slurry produces recycled abrasives and mineral oil, which are the material necessary for slicing solar ingots into solar wafers.

Pursuant to the Processing Agreement, the Company will supply wire slurry to Jinzhou Aoke for recycling and processing into abrasives and mineral oil, which will be used by the Company during the slicing of solar ingots into solar wafers. Based on a cost comparison analysis, the Directors believe that the cost of recycled abrasives and mineral oil is less than the cost of purchasing new abrasives and mineral oil. Furthermore, the solar wafer production capacity is expected to increase substantially for the next three years ending 31 December 2010. As such, the Company might be able to benefit from lower raw material cost while fulfilling the Company's rising needs of abrasives and mineral oil for the anticipated increase in solar wafer production capacity. Entering into of the Processing Agreement is in line with the Group's strategy to reduce cost.

We have reviewed the Company's previous processing costs with an independent processing company, and purchasing prices of new abrasives and mineral oil and note that the previous processing costs with such independent processing company were lower than the purchasing prices of new abrasives and mineral oil.

Furthermore, as the factory of Jinzhou Aoke and one of the factories of the Group are both located in Jinzhou, the Directors consider that the Group might also be able to benefit from the close proximity, such as less time needed for transportation when compared with other wire slurry processing companies located outside Jinzhou.

Having considered the above, we concur with the view of the Directors that entering into of the Processing Agreement is in the interest of the Company and Shareholders as a whole.

Principal terms of the Processing Agreement

Pursuant to the Processing Agreement, the terms of the Processing Transactions will be determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties. Payments for the transactions shall be at credit terms to be agreed between the parties in accordance with the normal term of supplies offered by Independent Third Parties.

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On the basis that (i) the Processing Agreement is entered into in the ordinary course of business of the Company; (ii) the terms of the Processing Transactions are based on normal commercial terms and the processing cost will be no less favourable to the Company than terms available from Independent Third Parties, we concur with the Directors' view that the principal terms of the Processing Agreement are fair and reasonable.

Bases of the annual caps under the Processing Agreement

The Company currently estimates that the annual recycling and processing fee payable to Jinzhou Aoke for both abrasives and mineral oil will not exceed the maximum amount of RMB9 million, RMB76 million and RMB148 million for each of the three years ending 31 December 2010, respectively.

We have discussed with the management of the Group regarding the basis of the annual caps, and reviewed the production cost ledgers of abrasives and mineral oil for the first half of 2008 and the Group's planned solar wafer production capacity for the three years ending 31 December 2010. In determining the annual caps under the Processing Agreement, the Group estimates that approximately 800 tons, 6,900 tons, and 13,400 tons of recycled abrasives and mineral oil will be obtained from recycling and processing of the Group's wire slurry for each of the three years ending 31 December 2010, respectively. We note that such estimates are made based on (i) the actual quantity of abrasives and mineral oil used in the first half of 2008; and (ii) the quantity of abrasives and mineral oil estimated to be used for solar wafer production based on the Group's planned solar wafer production capacity for the three years ending 31 December 2010 as mentioned in the "Letter from the Board". Furthermore, we have reviewed the agreement entered into between the Group and an independent processing company in 2007 and note that the processing costs for recycled abrasives and mineral oil under the annual caps are estimated based on the previous processing costs paid by the Group to such independent processing company. As such, we concur with the Directors' view that the assumptions and projections made in determining the annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM PIPER JAFFRAY

RECOMMENDATION

Having considered the factors and reasons discussed above, we consider that the Sale Agreement and Processing Agreement are in the interests of the Company and the Shareholders as a whole, and that the terms of the Sale Agreement and the Processing Agreement and the related annual caps are fair and reasonable as far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Sale Agreement and Processing Agreement and the related annual caps at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
Piper Jaffray Asia Limited
Steven Chiu
Principal

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading insofar as it relates to the Company.

2. DISCLOSURE OF INTERESTS

(I) Interest and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature of interest	Number of shares held (Note 1)	Approximate percentage of holding (%)
Mr. Tan (Note 4)	Beneficial Interest	471,910,500(L)	27.90%
	Interest in an option	31,036,000(L)	1.84%
	Security interest	17,352,500(L)	1.03%
Mr. Chong (Note 2)	Interest of controlled corporation	98,464,500(L)	5.83%
	Personal interest	1,254,500(L)	0.07%
	Trustee's interest	34,814,000(L)	2.06%

Name of Director	Nature of interest	Number of shares held (Note 1)	Approximate percentage of holding (%)
Mr. Hsu You Yan (Note 4)	Beneficial Interest	9,293,500(L)	0.55%
	Interest in an option	19,219,500(L)	1.14%
	Security interest	5,840,500(L)	0.35%
Mr. Chiao Ping Hai (Note 4)	Beneficial Interest	3,135,500(L)	0.19%
	Interest in an option	31,158,000(L)	1.84%
	Security interest	11,621,000(L)	0.69%
Ms. Zhang Liming (Note 3)	Beneficial Interest	3,133,500(L)	0.19%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) Mr. Chong is interested in an aggregate of 99,719,000 shares, of which 1,254,500 shares is directly held by Mr. Chong, 82,617,000 shares is held by Prosperity Electric Corporation ("PEC") and 15,847,500 shares is held by PLC. PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited and as to 30% by Mr. Sam Wai Keung, a director of Jinzhou Huachang Silicon Materials Co., Ltd. and 5% by an independent third party. Both PEC and Leigh Company Limited are wholly-owned by Mr. Chong.

34,814,000 Shares were held by Mr. Chong in trust for, among others, certain employees and consultants of Solar Technology Investment (Cayman) Corp. and its subsidiaries (the "Acquired Group"). Mr. Chong was entrusted to exercise voting rights and hold the dividends and other distributions made in respect of the relevant shares in trust for these employees and the 2 consultants (if any) to the extent the relevant shares remain subject to a lock-up period.
- (3) Ms. Zhang Liming's 3,133,500 shares were registered in the name of Mr. Chong as trustee who is entrusted to exercise voting rights and hold the dividends and other distributions made in respect of the relevant shares in trust for, among others, certain employees and consultants of the Acquired Group (if any) to the extent the relevant shares remain subject to a lock-up period.
- (4) Mr. Tan Wen Hua, Mr. Hsu You Yuan and Mr. Chiao Ping Hai are entitled to buy back the shares of the relevant senior management, employees and consultants in the event that any of them cease to be employed or engaged within 4 years after the Listing Date. These directors also have security interest in these shares pursuant to a share charge granted by the relevant employees and consultants to secure their obligations to pay for the purchase price of the shares and their obligations to comply with the relevant regulatory requirements to which they are subject to (if any).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors of the Company or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

(II) Interest and short positions of substantial shareholders in shares, underlying shares and debentures

As at the Latest Practicable Date, so far as is known to any Directors of the Company, the following persons have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity	Number of shares held	Percentage of shareholding (%)
Wafer Works Investment Corp. (“ WWIC ”)	Beneficial owner	358,364,000(L) <i>(Note 1)</i>	21.2%
Wafer Works Corp. (“ WWX ”) <i>(Note 2)</i>	Interest of a controlled corporation	358,364,000(L)	21.2%
Space Energy Corporation	Beneficial owner	144,978,500(L)	8.57%
Toshinao Nimura <i>(Note 3)</i>	Interest of a controlled corporation	144,978,500(L)	8.57%
Jean Salata	Interest of a controlled corporation	114,614,000(L)	6.78%
Baring Private Equity Asia GP IV Limited	Interest of a controlled corporation	114,614,000(L)	6.78%
Baring Private Equity Asia. GP IV, L.P	Interest of a controlled corporation	114,614,000(L)	6.78%

Name	Capacity	Number of shares held	Percentage of shareholding (%)
The Baring Asia Private Equity Fund IV, L.P.	Interest of a controlled corporation	114,614,000(L)	6.78%
Baring Private Equity Asia IV Holding (6) Limited	Beneficial interest	114,614,000(L)	6.78%

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. WWIC is wholly-owned by WWX. By virtue of the SFO, WWX is deemed to be interested in the Shares held by WWIC.
3. Toshinao Nimura was interested in approximately 34.22% of the issued share capital of Space Energy Corporation as at the Latest Practicable Date.

Save as disclosed above, the Directors of the Company were not aware that there was any person (other than a Director of the Company) who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options, in respect of such capital.

3. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse changes in the financial and trading position of the Group since 31 December 2007, the date of which the latest audited financial statements of the Group were made up.

4. DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESSES

Mr. Tan, Mr. Hsu You Yuan, being the Executive Directors, and Mr. Chong and Mr. Chiao Ping Hai, being the non-executive Directors, are interested in other related businesses, particulars of which are set out below:

Mr. Tan

Mr. Tan is interested in 53% interest in Huachang Guangfu and 40% interest in 錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Production Co., Ltd*) ("**Jinzhou Changhua**"). Huachang Guangfu is engaged in the manufacturing of PV and solar cells.

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

Jinzhou Changhua is engaged in the manufacturing of graphite and graphite related products. The businesses of Huachang Guangfu and Jinzhou Changhua do not compete with that of the Group. Huachang Guangfu, being a manufacturer of PV and solar cells, or some other materials (not being polysilicon), is a downstream company because PV and solar cells are made from wafers, which the Group manufactures. Huachang Guangfu does not manufacture any polysilicon, ingots or wafers. On the other hand, Jinzhou Changhua, as a company which manufactures graphite, is also not a competitor of the Group because (a) the Group is not engaged in the manufacture of graphite or any graphite related products; and (b) graphite is not a substitute for, or alternative raw material to, polysilicon in the manufacture of solar related products.

Mr. Hsu You Yuan

Mr. Hsu You Yuan has a direct interest in WWX and an indirect interest in Helitek Company Ltd., which is a subsidiary of WWX. Mr. Hsu also has an indirect interest in Neo Solar Power Corp. Both WWX and Helitek Company Ltd. are engaged in the semi-conductor industry. WWX's scope of business includes the manufacture of silicon wafers for the semi-conductor industry, and Helitek Company Ltd. is involved in the sale of such silicon wafers in the USA whereas the Group is engaged in the manufacture of solar wafers.

Although polysilicon is the basic raw material used in the production of semiconductors and solar cells or solar-related products, the quality and purity level of the polysilicon required for the production of semiconductors is higher than that required for the production of solar cells or solar-related products. Even though WWX manufactures silicon wafers by using polysilicon, it is not a competitor to the Group because it would not be cost effective for solar product manufacturers to use costly semi-conductor grade polysilicon or silicon wafers to manufacture solar products. Besides, Neo Solar Power Corp., as a manufacturer of solar cells, uses wafers or other materials (not being polysilicon) as a raw material.

Neo Solar Power Corp. is a downstream company, since it uses the products that the Group manufactures. Thus, Neo Solar Power Corp. is not a competitor of the Group.

Mr. Chiao Ping Hai

Mr. Chiao Ping Hai has interests in WWX, 上海合晶硅材料有限公司 (Wafer Works (Shanghai) Corp*), and Wafer Works Epitaxial Corp. These three companies are all engaged in the business of manufacturing silicon wafers used in the semiconductor industry. Mr. Chiao Ping Hai also has indirect interests in Helitek Company Ltd. and Heli-Vantech, Inc., both of which are engaged in the trading of silicon wafers used in the manufacture of semiconductors. As explained above, the semiconductor industry is different from that of the solar technology industry; thus, WWX, 上海合晶硅材料有限公司 (Wafer Works (Shanghai) Corp*), and Wafer Works Epitaxial Corp., Helitek Company Ltd., and Heli-Vantech, Inc., are not engaged in any competing business of the Group.

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Mr. Chong

Mr. Chong holds interest in Huachang Guangfu and 錦州昌華碳素製品有限公司 (Jinzhou Changhua Carbon Production Co., Ltd.*) (“**Jinzhou Changhua**”). Huachang Guangfu is engaged in the manufacture of PV and solar cells, Jinzhou Changhua is engaged in the manufacture of graphite and graphite related products. As explained above, Huachang Guangfu and Jinzhou Changhua are not competitors of the Company, as the Company, Huachang Guangfu and Jinzhou Changhua are engaged in different industries. Mr. Chong also holds an interest in 錦州佑鑫電子能源有限公司 (Jinzhou Youxin Electronic Materials Co., Ltd.*) (“**Jinzhou Youxin**”) which is principally engaged in the trading of quartz crucibles.

Jinzhou Youxin is not a competitor to the Group because (a) quartz crucibles is an auxiliary raw material for the manufacture of polysilicon products which the Group manufactures. Jinzhou Youxin, being in the business of trading quartz crucibles, is an upstream company which supplies auxiliary raw materials to the Group; and (b) Jinzhou Youxin does not manufacture any polysilicon or polysilicon related products.

5. DIRECTORS’ INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of Group since 31 December 2007, the date of which the latest audited financial statements of the Group were made up.

6. DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors is interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

7. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the group within one year without payment of compensation, other than statutory compensation.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

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9. EXPERT'S QUALIFICATION AND CONSENT

Piper Jaffray has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Piper Jaffray	a corporation licensed to carry out Types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, Piper Jaffray did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2007, the date to which the latest audited financial statements of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands) demanded by:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

- (e) by any Director or Directors, who, individually or collectively, hold proxies in respect of shares representing five per cent or more of the total voting rights at such meeting.

12. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary and the qualified accountant of the Company is Mr. Tong Wan Sze, a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The auditors of the Company is KPMG of 8/F., Prince's Building, 10 Chater Road, Central, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Rooms 4001-06, Office Tower, Convention Plaza, No. 1 Harbour Road, Hong Kong during normal business hours from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 12 to 13 of this circular;
- (c) the Letter from Piper Jaffray, the text of which is set out on pages 14 to 21 of this circular;
- (d) the written consent from Piper Jaffray referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix;
- (e) the Sale Agreement; and
- (f) the Processing Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Solargiga Energy

Solargiga Energy Holdings Limited 陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Solargiga Energy Holdings Limited (the “**Company**”) will be held at Vinson Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on Friday, 7 November 2008 at 3:00 p.m. for the purpose of considering, and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the sale agreement (the “**Sale Agreement**”) dated 12 August 2008 entered into between the Company and Jinzhou Huachang Photovoltaic Technology Co., Ltd.*, a copy of which is tabled before the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, the terms of the transactions contemplated under the Sale Agreement and the execution of the Sale Agreement by any one director of the Company be and are hereby approved, confirmed and ratified;
- (b) the respective annual cap amounts in relation to the Sale Agreement for the three years ending 31 December 2010 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised to do all such things and take all other steps which, in his or her opinion, may be necessary or desirable for the purposes of giving effect to the Sale Agreement and the transactions contemplated thereby.”

2. “**THAT**

- (a) the processing agreement (the “**Processing Agreement**”) dated 12 August 2008 entered into between the Company and Jinzhou Aoke New Materials Co., Ltd*, a copy of which is tabled before the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, the terms of the transactions contemplated under the

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Processing Agreement and the execution of the Processing Agreement by any one director of the Company be and are hereby approved, confirmed and ratified;

- (b) the respective annual cap amounts in relation to the Processing Agreement for the three years ending 31 December 2010 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised to do all such things and take all other steps which, in his or her opinion, may be necessary or desirable for the purposes of giving effect to the Processing Agreement and the transactions contemplated thereby.”

By Order of the Board
Hsu You Yuan
Director

Hong Kong, 2 September 2008

Notes:

1. Any member of the Company entitled to attend and vote at the meeting of the Company by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notary certified copy of such power or authority must be delivered to the office of Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. The votes to be taken at the meeting of the Company by the above notice shall be taken by poll.
7. As at the date of this notice, the Board comprises Mr. Tan Wenhua, Mr. Hsu You Yuan, Ms. Zhang Liming as executive Directors of the Company, Mr. Chiao Ping Hai and Mr. Chong Kin Ngai as non-executive Directors of the Company and Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun as independent non-executive Directors of the Company.