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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



FIRST SHANGHAI CAPITAL LIMITED

A notice convening the extraordinary general meeting (the "EGM") of the Company to be held at Unit A, 10/F, Two Chinachem Plaza, 135 Des Voeux Road, Central, Hong Kong on Thursday, 27 December 2012 at 5:00 p.m. is set out on pages 28 to 29 of this circular.

A proxy form for use at the EGM is also enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

12 November 2012

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DEFINITIONS

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

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Caps”	the annual cap amounts of the Continuing Connected Transaction
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司) (stock code: 757), 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 person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Continuing Connected Transaction”	the transactions contemplated under the New Materials Supply Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Unit A, 10/F, Two Chinachem Plaza, 135 Des Voeux Road, Central, Hong Kong on Thursday, 27 December 2012 at 5:00 p.m., or any adjournment thereof and the notice of which is set out on pages 28 to 29 of this circular
“Existing Materials Supply Agreement”	the framework supply agreement dated 2 December 2009 entered into between the Company, Jinzhou Changhua and Jinzhou Youxin in respect of the supply of quartz crucibles and the Materials to the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Huaxin Silicon”	錦州華新硅材料經營部 (Jinzhou Huaxin Silicon Material Trading Department*), a sole proprietorship enterprise established in the PRC and wholly-owned by Mr. Tan, and engaged in investment holding
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, which has been constituted to advise the Independent Shareholders on the Continuing Connected Transaction
“Independent Financial Adviser”	First Shanghai Capital Limited, the independent financial adviser which has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction
“Independent Shareholders”	mean the Shareholders other than Mr. Tan, Mr. Chong, PLC 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 enquiry, not connected with the Company and its connected persons
“Jinzhou Changhua”	錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Products Company Limited*), a company established in the PRC and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is owned as to 40% by Huaxin Silicon and as to 60% by PLC as at the Latest Practicable Date
“Jinzhou Youxin”	錦州佑鑫電子材料有限公司 (Jinzhou Youxin Electronic Materials Co., Ltd.*), a sino-foreign joint venture established in the PRC and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is owned as to 75% by an Independent Third Party and as to 25% by PLC as at the Latest Practicable Date
“Latest Practicable Date”	6 November 2012 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Materials”	graphite materials for the Group’s production of silicon ingots
“Mr. Chong”	Mr. Chong Kin Ngai, a former non-executive Director, who resigned on 1 December 2011
“Mr. Tan”	Mr. Tan Wenhua, an executive Director, a substantial Shareholder who is interested in approximately 27.45% of the issued Shares as at the Latest Practicable Date and hence a connected person of the Company
“New Materials Supply Agreement”	the framework materials supply agreement dated 19 October 2012 entered into between the Company and Jinzhou Changhua in respect of the supply of the Materials to the Group
“PLC”	Prosperity Lamps and Components Limited, a Shareholder which to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is owned as to 65% by Mr. Chong’s wholly owned companies and as to 35% by Independent Third Parties as at the Latest Practicable Date
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent.

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



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 (*Chairman*)

Mr. HSU You Yuan

Ms. ZHANG Liming

Mr. TAN Xin

Non-executive Directors:

Mr. CHIAO Ping Hai

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, KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Room 1402, Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

12 November 2012

To the Shareholders,

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 October 2012.

The purpose of this circular is to provide the Shareholders, among other things, (1) the information regarding the Continuing Connected Transaction; (2) the advice of the Independent Financial Adviser on the terms of the Continuing Connected Transaction; and (3) the recommendations of the Independent Board Committee on the terms of the Continuing Connected Transaction, and (4) the notice of the EGM.

LETTER FROM THE BOARD

RENEWAL OF CONTINUING CONNECTED TRANSACTION

Background

The Existing Materials Supply Agreement renewed in 2009 will expire on 31 December 2012. The Board announces that on 19 October 2012, the Company has entered into the New Materials Supply Agreement with the relevant connected person in order to renew the term for three years from 1 January 2013 to 31 December 2015 (both days inclusive) on and subject to the terms and conditions of the New Materials Supply Agreement. Details of the New Materials Supply Agreement are set out below:

New Materials Supply Agreement

Date: 19 October 2012

Parties: (1) The Company
(2) Jinzhou Changhua

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the Latest Practicable Date, Jinzhou Changhua is owned as to 40% by Huaxin Silicon, which is wholly owned by Mr. Tan, and as to 60% by PLC. PLC is owned as to 65% by Mr. Chong's wholly-owned companies and as to 35% by Independent Third Parties. Jinzhou Changhua is therefore an associate of each of Mr. Tan (an executive Director) and Mr. Chong (a former non-executive Director who resigned on 1 December 2011) and hence a connected person of the Company.

Scope: Pursuant to the New Materials Supply Agreement, Jinzhou Changhua agreed to supply, and the Group agreed to purchase, the Materials on and subject to the terms and conditions of the New Materials Supply Agreement.

Term: The New Materials Supply Agreement has a term commencing on 1 January 2013 and ending on 31 December 2015 (both days inclusive).

LETTER FROM THE BOARD

Price: The basis of determining the prices for the transactions under the New Materials Supply Agreement will be determined based on the expected purchase amount of the Materials with reference to the prevailing market prices.

Other terms of the transactions under the New Materials Supply Agreement: The terms of the transactions under the New Materials Supply Agreement will be determined on an individual purchase order basis and the terms of which will be on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties.

In determining the price and terms, the Company will also obtain price quotation from other Independent Third Parties and consider the terms offered by those Independent Third Parties to ensure that the price reflects the prevailing market prices and terms offered by Jinzhou Changhua is no less favourable to the Company than terms available from Independent Third Parties.

Payments for the transactions under the New Materials Supply Agreement will either be cash on delivery or on such credit terms as may be agreed between the parties on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties. It is agreed that Jinzhou Changhua will grant to the Group a credit period of 30 to 90 days.

Condition: The New Materials Supply Agreement is subject to approval by the Independent Shareholders.

Reasons for entering into the New Materials Supply Agreement

Graphite materials are essential materials for the Group's production of silicon ingots. The Directors (including the independent non-executive Directors) consider that the continuance of the transactions for the supply of the Materials would enable the Group to ensure a steady and reliable source of the Materials for the Group's production of ingots and thereby enable the Group to maintain the quality of its ingots and hence longer length for each ingot produced from the ingots puller.

Implications under the Listing Rules

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the Latest Practicable Date, Jinzhou Changhua is owned as to 40% by Huaxin Silicon, which is wholly owned by Mr. Tan, and as to 60% by PLC. PLC is

LETTER FROM THE BOARD

owned as to 65% by Mr. Chong's wholly-owned companies and as to 35% by Independent Third Parties. Jinzhou Changhua is therefore an associate of each of Mr. Tan (an executive Director) and Mr. Chong (a former non-executive Director who resigned on 1 December 2011) and hence a connected person of the Company. Furthermore, Mr. Chong will have resigned as a non-executive Director for more than 12 months after 1 December 2012 and will cease to be a connected person of the Company under Rule 14A.11(2) of the Listing Rules. Nevertheless, Jinzhou Changhua will remain an associate of Mr. Tan by reason of his 40% shareholding in Jinzhou Changhua. Consequently, the transactions under the New Materials Supply Agreement will constitute continuing connected transactions for the Company under the Listing Rules. As the applicable ratios under the New Materials Supply Agreement will exceed 5%, the New Materials Supply Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the date of the Latest Practicable Date, Jinzhou Youxin, which is a party to the Existing Materials Supply Agreement as a supplier of quartz crucibles to the Group, is owned as to 25% by PLC and 75% by Independent Third Parties. Jinzhou Youxin is therefore no longer an associate of Mr. Chong by virtue of Rule 1.01 of the Listing Rules. In addition, as mentioned above, Mr. Chong will cease to be a connected person of the Company under Rule 14A.11(2) of the Listing Rules after 1 December 2012. Any transactions between the Group and Jinzhou Youxin (if any) after expiry of the Existing Materials Supply Agreement will no longer be subject to the continuing connected transactions requirements under Chapter 14A of the Listing Rules.

Mr. Tan, who has a material interest in the transactions contemplated under the New Materials Supply Agreement, has abstained from voting on the board resolution in approving the signing of the New Materials Supply Agreement.

HISTORICAL AMOUNTS OF THE TRANSACTIONS UNDER THE EXISTING MATERIALS SUPPLY AGREEMENT

Set out below are (a) the actual transaction amounts for the year ended 31 December 2011 and the nine months ended 30 September 2012 and (b) the annual caps for the three years ending 31 December 2012 in respect of the transactions under the Existing Materials Supply Agreement:

	Audited transaction amount for the year ended 31 December 2010	Annual cap for the year ended 31 December 2010	Audited transaction amount for the year ended 31 December 2011	Annual cap for the year ended 31 December 2011	Unaudited transaction amount for the nine months ended 30 September 2012	Annual cap for the year ending 31 December 2012
Existing Materials Supply Agreement	RMB34,737,000 <i>(Note 1)</i>	RMB164,485,000	RMB55,133,000 <i>(Note 2)</i>	RMB292,039,000	RMB31,060,000 <i>(Note 3)</i>	RMB419,594,000

LETTER FROM THE BOARD

Notes:

1. This figure indicates the aggregate amount of the purchase price paid by the Group to Jinzhou Changhua in relation to the sale and purchase of graphite materials for the year ended 31 December 2010. The purchase price paid by the Group to Jinzhou Youxin in respect of the sale and purchase of quartz crucibles pursuant to the Existing Materials Supply Agreement amounted to RMB58,429,000 for the year ended 31 December 2010.
2. This figure indicates the aggregate amount of the purchase price paid by the Group to Jinzhou Changhua in relation to the sale and purchase of graphite materials for the year ended 31 December 2011. The purchase price paid by the Group to Jinzhou Youxin in respect of the sale and purchase of quartz crucibles pursuant to the Existing Materials Supply Agreement amounted to RMB110,886,000 for the year ended 31 December 2011.
3. This figure indicates the aggregate amount of the purchase price paid by the Group to Jinzhou Changhua in relation to the sale and purchase of graphite materials for the nine months ended 30 September 2012. The purchase price paid by the Group to Jinzhou Youxin in respect of the sale and purchase of quartz crucibles pursuant to the Existing Materials Supply Agreement amounted to RMB50,864,000 for the nine months ended 30 September 2012.

PROPOSED ANNUAL CAPS UNDER THE NEW MATERIALS SUPPLY AGREEMENT

Set out below are the proposed annual caps under the New Materials Supply Agreement:

	Annual cap for the year ending 31 December 2013	Annual cap for the year ending 31 December 2014	Annual cap for the year ending 31 December 2015
New Materials Supply Agreement	RMB103,784,000	RMB108,973,000	RMB114,421,000

The proposed annual caps under the New Materials Supply Agreement are determined with reference to (i) the costs incurred by the Group for the purchase of the Materials for the nine months ended 30 September 2012; (ii) the expected increase in the Group's production capacity for the three years ending 31 December 2015; (iii) the expected increase in demand for the Materials for the production requirements of the Group in anticipation of the expected increase in demand for the Group's products; and (iv) the expected utilisation rate of the Group's production capacity for the three years ending 31 December 2015.

GENERAL INFORMATION

The Group is one of the leading manufacturers of monocrystalline silicon solar ingots, measured in terms of production output and sales, in the PRC. The Group is principally engaged in (a) manufacturing and sales of monocrystalline and multicrystalline silicon solar ingots and wafers; (b) processing of silicon solar ingots and wafers; (c) manufacturing and sales of photovoltaic cells and modules; and (d) design and installation of photovoltaic systems.

Jinzhou Changhua is established in the PRC and is principally engaged in production of graphite materials and carbon products.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Director) considered that the terms of the New Materials Supply Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Company will seek the approval by the Independent Shareholders of the New Materials Supply Agreement and the Caps in compliance with Rule 14A.48 of the Listing Rules.

Mr. Tan, who is interested in approximately 27.45% of the issued Shares as at the Latest Practicable Date, and his associates, will abstain from voting for the resolutions approving the transactions under the New Materials Supply Agreement.

Mr. Chong, who is interested in approximately 5.05% of the issued shares as at the Latest Practicable Date, and his associates (including PLC), will abstain from voting for the resolutions approving the transactions under the New Materials Supply Agreement.

EGM

A notice convening the EGM to be held at Unit A, 10/F, Two Chinachem Plaza, 135 Des Voeux Road, Central, Hong Kong on Thursday, 27 December 2012 at 5:00 p.m. is set out on pages 28 to 29 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of a listed issuer must be taken by poll. Therefore, all the resolutions proposed at the EGM will be voted by poll.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transaction is in the interests of the Group and the Shareholders as a whole and accordingly recommend all the Shareholders to vote in favour of the relevant resolution in respect of the Continuing Connected Transaction to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to (1) the letter from the Independent Board Committee as set out in appendix I of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Continuing Connected Transaction; (2) the letter from the Independent Financial Adviser as set out in appendix II of this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction; and (3) additional general information as set out in appendix III to this circular.

You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding as to how to vote at the EGM in respect of the Continuing Connected Transaction.

Yours faithfully,
For and on behalf of
Solargiga Energy Holdings Limited
Tan Wenhua
Chairman



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)

12 November 2012

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 12 November 2012 (the “**Circular**”). Capitalised terms used herein have the same meaning as those defined in the Circular, unless otherwise defined.

We have been appointed as members of the Independent Board Committee to advise you in connection with the terms of the Continuing Connected Transaction and the Caps, details of which are set out in the “Letter from the Board” in the Circular of which this letter forms part.

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 Continuing Connected Transaction and the Caps. The Independent Board Committee was set up to advise you whether in its view the terms of the Continuing Connected Transaction and the Caps are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Company and the Shareholders are concerned.

First Shanghai Capital Limited has been appointed by the Company to advise us and the Independent Shareholders as to whether the Continuing Connected Transaction and the Caps 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 20 of the Circular.

Your attention is also drawn to the “Letter from the Board” set out on pages 5 to 11 of the Circular and the additional information set out in the appendices to the Circular.

Having considered the terms of the Continuing Connected Transaction and the Caps, we consider that the terms of the Continuing Connected Transaction and the Cap are in the interests of the Company and the Shareholders as a whole and are fair and reasonable as far as the Company and the Shareholders are concerned. Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of the EGM attached to the Circular to approve the terms of the Continuing Connected Transaction and the Caps.

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

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser for the purpose of incorporation into this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

12 November 2012

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the New Materials Supply Agreement, details of which are set out in the circular of the Company to the Shareholders dated 12 November 2012 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As the Existing Materials Supply Agreement will expire on 31 December 2012, the Company entered into the New Materials Supply Agreement with Jinzhou Changhua on 19 October 2012 to renew the terms and conditions of the relevant transactions. As detailed in the letter from the Board in the Circular, Jinzhou Changhua is a connected person of the Company, therefore the transactions contemplated under the New Materials Supply Agreement constitute continuing connected transactions of the Company under the Listing Rules and are subject to, among other things, the approval by the Independent Shareholders by way of poll at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun, has been formed to advise the Independent Shareholders in respect of the New Materials Supply Agreement. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and will continue to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and Jinzhou Changhua.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the terms of the New Materials Supply Agreement, we have taken into account the following principal factors and reasons:

1. Background of and benefits for the entering into of the New Materials Supply Agreement

The Group is principally engaged in (i) the manufacturing and sales of monocrystalline and multicrystalline silicon solar ingots and wafers; (ii) the processing of silicon solar ingots and wafers; (iii) the manufacturing and sales of photovoltaic cells and modules; and (iv) the design and installation of photovoltaic systems. According to the annual report of the Company for the year ended 31 December 2011 (the “**2011 Annual Report**”), the PRC and Japan were the two largest markets of the Group, which contributed to approximately 43% and 27% of the revenue of the Group for the year ended 31 December 2011, respectively.

Jinzhou Changhua is established in the PRC and is principally engaged in production of graphite materials and carbon products.

As stated in the letter from the Board in the Circular, graphite materials are essential materials for the production of silicon ingots by the Group. We are advised by the management of the Group that Jinzhou Changhua has been one of the suppliers of the Materials and the Group is expected to continue to require the Materials for its principal business in the upcoming years. Nonetheless, the Existing Materials Supply Agreement will expire on 31 December 2012, therefore the Company entered into the New Materials Supply Agreement with Jinzhou Changhua to renew the terms and conditions of the subject transactions to secure Jinzhou Changhua as a supplier of the Materials to facilitate the business operation of the Group for each of the years ending 31 December 2013, 2014 and 2015.

Having considered, in particular, (i) the established business relationship between the Group and Jinzhou Changhua, where the Group has been procuring the Materials from Jinzhou Changhua; (ii) the Group is expected to continue to require the Materials for its principal business in the upcoming years; (iii) the Existing Materials Supply Agreement will expire on 31 December 2012 and the New Materials Supply Agreement is for the renewal of the terms and conditions of the subject transactions to secure Jinzhou Changhua as a supplier of the Materials to facilitate the business operation of the Group; and (iv) the terms of the New Materials Supply Agreement are fair and reasonable as discussed below, we are of the view that the entering into of the New Materials Supply Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the New Materials Supply Agreement

Pursuant to the New Materials Supply Agreement, the Group will procure the Materials from Jinzhou Changhua. The New Materials Supply Agreement has a term of three years, which will commence on 1 January 2013 and continue until 31 December 2015 (both dates inclusive).

As detailed in the letter from the Board in the Circular, the terms of the Continuing Connected Transaction will be determined on an individual purchase order basis and the terms of which will be on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties. Moreover, the parties to the New Materials Supply Agreement agreed that Jinzhou Changhua will grant a credit period of 30 to 90 days to the Group. As such, we have reviewed the 2011 Annual Report, where we note that the credit period granted under the New Materials Supply Agreement is no less favourable than the majority of the age of the trade and bills payables of the Group as at 31 December 2011 which were within one month.

In addition to the above, we are further advised by the management of the Group that the Group has no contractual obligation under the New Materials Supply Agreement to procure the Materials from Jinzhou Changhua, therefore, after the entering into of the New Materials Supply Agreement, the Group will still have the flexibility to procure the Materials from parties other than Jinzhou Changhua, whichever is considered to be more favourable to the Group.

Taking into account the abovementioned factors, in particular, (i) the terms of the Continuing Connected Transaction will be no less favourable to the Company than terms available from Independent Third Parties; (ii) the credit period granted under the New Materials Supply Agreement is no less favourable than the majority of the age of the trade and bills payables of the Group as at 31 December 2011 which were within one month; (iii) the Group has the discretion to decide whether to procure the Materials from Jinzhou Changhua or other third parties, whichever is considered to be more favourable to the Group; (iv) the background of and benefits for the entering into of the New Materials Supply Agreement as discussed in the previous section; and (v) measures are in place to govern the internal control of the Group as detailed in the section headed "Internal control policy and procedures" below, we are of the view that the terms of the New Materials Supply Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The proposed Caps

The following table sets out the historical transaction amounts for each of the years ended 31 December 2010 and 2011 and the nine months ended 30 September 2012:-

	Historical transaction amounts			
	For the year ended 31 December			For the nine months ended
	2009	2010	2011	30 September 2012
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)	(unaudited)
Procurement of the Materials from Jinzhou Changhua	14	35	55	31

We note that the historical transaction amount increased from approximately RMB14 million for the year ended 31 December 2009 to approximately RMB35 million for the year ended 31 December 2010, representing an annual growth of approximately 150%, and further increased to approximately RMB55 million for the year ended 31 December 2011, representing annual growth of approximately 57%. We also note that the historical transaction amount for the nine months ended 30 September 2012 was approximately RMB31 million, which represents, on a pro rata basis, an annual decline of approximately 25% as compared with the historical transaction amount for the year ended 31 December 2011. We are advised by the management of the Group that primarily all the Materials procured in the recent years were utilised as raw materials for in-house production, therefore the demand of the Materials is related to the production volume of the Group, which in turn is affected by the conditions of the global photovoltaic industry, in particular the Asia Pacific region, where the majority of the turnover of the Group were derived from. With reference to the 2011 Annual Report, the turnover of the Group recorded annual growth of approximately 50% for the year ended 31 December 2011, which was attributable to, among other factors, the enhancement of production scale and further vertical integration. Nonetheless, with reference to the interim report of the Company for the six months ended 30 June 2012 (the “**2012 Interim Report**”), the turnover of the Group recorded year on year decline of approximately 61% for the six months ended 30 June 2012, which was attributable to, among other factors, the slowdown of growth of the global photovoltaic market and the reduction in selling prices.

As detailed in the letter from the Board in the Circular, the proposed Caps are determined with reference to, among other factors, the historical transaction amounts and the expected demand for the products of the Group. The following table sets out the proposed Caps for each of the years ending 31 December 2013, 2014 and 2015:-

	Proposed Caps		
	For the year ending 31 December		
	2013	2014	2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Procurement of the Materials from Jinzhou Changhua	104	109	114

We note that the proposed annual cap for the year ending 31 December 2013 represents a compound annual growth rate of approximately 38% as compared with the historical transaction amount for the year ended 31 December 2011. We understand from the 2012 Interim Report that the industry is currently facing an oversupply issue and is in the process of consolidation, where the imbalance is expected to be resolved by 2013 and the survivors of the market consolidation will enjoy fruitful rewards. As such, we have further reviewed public industry information published on the website of Solarbuzz LLC ("**Solarbuzz**"), which is an international solar and renewable energy market research and consulting company, and we note that the industry information published by Solarbuzz is quoted in, among other publications, the listing documents of several Hong Kong listed companies. According to the article titled "*Asia Pacific to Stimulate Strong Year-End Surge in PV Demand*" dated 27 August 2012 published on the website of Solarbuzz, the demand of the photovoltaic market is expected to experience a year on year growth of approximately 80% in the second half of 2012. According to the article titled "*2012: Transitioning to the Next Phase of PV Industry Development*" dated 28 September 2012 published on the website of Solarbuzz, the oversupply situation has led to the decline in the average selling prices of photovoltaic modules and the consolidation of the industry, but an industry stabilisation period is expected to begin in the coming two years. Taking into account (i) the growth rates of the historical transaction amounts; and (ii) the current and expected upcoming conditions of the photovoltaic industry, we consider the proposed annual cap for the year ending 31 December 2013 to be acceptable.

We note that the proposed annual cap for each of the years ending 31 December 2014 and 2015 represents annual growth rate of approximately 5%. We are advised by the management of the Group that the annual growth of the proposed annual cap for each of the years ending 31 December 2014 and 2015 has made reference to the recent general inflation rate in the PRC. As such, we have reviewed public information published on the website of the National Bureau of Statistics of China, where we note that the consumer price index recorded annual growth of approximately 5% for the year ended 31 December 2011. Taking into account (i) the slowdown of growth of the historical transaction amounts; and (ii) the growth of the annual cap is in line with the recent growth of the consumer price index in the PRC, we consider the proposed annual cap for each of the years ending 31 December 2014 and 2015 to be acceptable.

Having considered the principal factor covered above, in particular, (i) the growth rates of the historical transaction amounts; (ii) the current and expected upcoming conditions of the photovoltaic industry; (iii) the recent growth of the consumer price index in the PRC; (iv) the renewal of the annual caps provide the flexibility but not the obligation to the Group to procure the Materials from Jinzhou Changhua on terms that are fair and reasonable as discussed in the previous section; and (v) measures are in place to govern the internal control of the Group as detailed in the section headed "Internal control policy and procedures" below, we consider the proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned.

4. Internal control policy and procedures

In compliance with the annual review requirements under Chapter 14A of the Listing Rules, the Company will comply with the following during the term of the New Materials Supply Agreement in relation to the Continuing Connected Transaction:

- (i) each year the independent non-executive Directors must review the Continuing Connected Transaction and confirm in the annual report and accounts of the Company that the Continuing Connected Transaction have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the New Materials Supply Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Continuing Connected Transaction (a) have received the approval of the Board; (b) are in accordance with the pricing policies of the Company if the Continuing Connected Transaction involve provision of goods or services by the Company; (c) have been entered into in accordance with the relevant agreement governing the transactions; and (d) have not exceeded the Caps;
- (iii) the Company will allow, and will procure that the counterparties will allow, the auditors of the Company with sufficient access to the relevant records of the Continuing Connected Transaction for the purpose of reporting on the Continuing Connected Transaction. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (ii) above; and
- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) above respectively.

We have also reviewed internal control measures in relation to the Continuing Connected Transaction as disclosed in the letter from the Board in the Circular, where we note that, in determining the price and terms of the Continuing Connected Transaction, the Company will obtain price quotation from other Independent Third Parties to ensure that the price of the Continuing Connected Transaction reflects the prevailing market prices and the terms of the Continuing Connected Transaction are no less favourable than those available from Independent Third Parties.

In light of the reporting requirements attached to the Continuing Connected Transaction, in particular, (i) the restriction of the value of the Continuing Connected Transaction by way of the proposed Caps; (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company; and (iii) the internal control measures of the Company as mentioned above to ensure the price and terms of the Continuing Connected Transaction are in accordance with those stipulated under the New Materials Supply Agreement, we are of the view that sufficient measures will be in place to govern the conduct of the Continuing Connected Transaction and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors, we are of the view that (i) the entering into of the New Materials Supply Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the New Materials Supply Agreement are on normal commercial terms, and together with the bases of the Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the New Materials Supply Agreement.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Eric Lee
Managing Director

Fanny Lee
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) 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 the shares, underlying shares and debentures of its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company or the shares, underlying shares and debentures of 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 (note 6) (%)
Mr. TAN	Beneficial interest (Note 2)	528,624,443 (L)	21.22
	Interest of a controlled corporation (Note 2)	155,320,308 (L)	6.23
	Interest in options (Note 4)	10,055,625 (L)	0.40
	Security interest (Note 4)	10,055,625 (L)	0.40
Mr. HSU You Yuan	Beneficial interest (Note 3)	13,863,572 (L)	0.56
	Interest in options (Note 4)	1,221,085 (L)	0.05
	Security interest (Note 4)	1,221,085 (L)	0.05

Name of Director	Nature of interest	Number of Shares held (Note 1)	Approximate percentage of holding (note 6) (%)
Mr. CHIAO Ping Hai	Beneficial interest	6,135,500 (L)	0.25
	Interest in an option (Note 4)	7,525,375 (L)	0.30
	Security interest (Note 4)	7,525,375 (L)	0.30
Ms. ZHANG Liming	Beneficial interest (Note 5)	3,133,500 (L)	0.13

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) As at the Latest Practicable Date, 475,761,999 Shares are currently held by Mr. Tan, (ii) 139,788,278 Shares are currently held by You Hua Investment Corporation ("You Hua") which is wholly-owned by Mr. Tan, (iii) 68,394,474 Shares are agreed to be subscribed pursuant to an undertaking dated 2 November 2012 given by Mr. Tan and You Hua in favour of the Company under the proposed open offer of 249,130,047 new Shares to the Shareholders (the "Open Offer") as announced by the Company pursuant to an announcement dated 2 November 2012.
- (3) As at the Latest Practicable Date, Mr. Hsu You Yuan ("Mr. Hsu") is interested in 13,863,572 Shares, of which (i) 10,083,778 Shares are currently held by Mr. Hsu, (ii) 1,120,419 Shares are agreed to be subscribed pursuant to an undertaking dated 2 November 2012 given by Mr. Hsu in favour of the Company under the Open Offer, and (iii) 2,659,375 Shares held by Mr. Chong Kin Ngai in trust for Mr. Hsu.
- (4) Mr. Tan, Mr. Hsu You Yuan and Mr. Chiao Ping Hai are entitled to buy back the Shares of the relevant senior management and employees in the event that any of them cease to be employed or engaged by the Group. 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).
- (5) As at the Latest Practicable Date, Ms. Zhang Liming's 2,350,125 Shares were registered in the name of Mr. Chong Kin Ngai 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, the relevant employees and senior management members (if any).
- (6) Based on 2,491,300,472 Shares as enlarged by the issue of new Shares under the Open Offer (assuming the Open Offer is completed).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their associates has any interests or short positions in any Shares, underlying Shares and debentures of the Company or any shares, underlying shares and debentures of 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.

(b) 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, the following persons (other than a Director) have interests or short positions in the Shares and underlying Shares 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 of Shareholder	Nature of interest	Number of Shares held (Note 1)	Approximate percentage of holding (note 5) (%)
Wafer Works Investment Corp. ("WWIC")	Beneficial owner	313,881,822 (L)	12.60
Wafer Works Corp. ("WWX") (Note 2)	Interest of a controlled corporation	313,881,822 (L)	12.60
The Baring Asia Private Equity Fund IV, L.P.	Interest of a controlled corporation	122,139,421 (L)	4.90
Jean Salata	Interest of a controlled corporation	119,045,000 (L)	4.78
Baring Private Equity Asia GP IV Limited	Interest of a controlled corporation	119,045,000 (L)	4.78
Baring Private Equity Asia GP IV, L.P.	Interest of a controlled corporation	119,045,000 (L)	4.78
Baring Private Equity Asia IV Holding (6) Limited	Interest of a controlled corporation	119,045,000 (L)	4.78
Mr. CHONG Kin Ngai (Note 3)	Interest of a controlled corporation	110,793,433 (L)	4.45
	Personal interest	2,449,500 (L)	0.10
	Trustee's interest	21,461,460 (L)	0.86
	Family interest	1,100,000 (L)	0.04
Hiramatsu International Corp. (Note 4)	Beneficial owner	256,313,047	10.29

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, WWIC is wholly-owned by WWX as at the Latest Practicable Date. By virtue of the SFO, WWX is deemed to be interested in the Shares held by WWIC.
- (3) As at the Latest Practicable Date, Mr. Chong is interested in an aggregate of 135,804,393 Shares, of which 2,499,500 Shares are directly held by Mr. Chong. 1,100,000 Shares are held by Mr. Chong's spouse, 64,140,040 Shares are held by Prosperity Electric Corporation ("PEC") and 46,653,393 Shares are held by Prosperity Lamps & Components Limited ("PLC"). PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited and as to 35% by independent third parties. Both PEC and Leigh Company Limited are wholly-owned by Mr. Chong. Mr. Chong holds 21,461,460 Shares as trustee on behalf of certain Directors, members of the senior management and staff of the Group. Of the said 21,461,460 Shares, 2,350,125 Shares are held by Mr. Chong in trust for Ms. Zhang Liming, an executive Director and 2,659,375 Shares are held by Mr. Chong in trust for Mr. Hsu You Yuan, an executive Director.
- (4) As at the Latest Practicable Date, Hiramatsu International Corp. ("**Hiramatsu**") is interested in 256,313,047 Shares, of which (i) 7,183,000 Shares are currently held by Hiramatsu, (ii) 798,111 Shares are agreed to be subscribed by Hiramatsu under the Open Offer; and (iii) no more than 248,331,936 Shares are agreed to be underwritten by Hiramatsu pursuant to an underwriting agreement dated 2 November 2012 entered into between Hiramatsu and the Company under the Open Offer.
- (5) Based on 2,491,300,472 Shares as enlarged by the issue of new Shares under the Open Offer (assuming the Open Offer is completed).

Save as disclosed above, the Directors were not aware that there was any person (other than a Director) who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares 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 5 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 confirm that, as at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial and trading position of the Group since 31 December 2011, the date of which the latest audited financial statements of the Group were made up save and except that as disclosed in the Company's announcement dated 27 July 2012 and the interim report of 2012, the Group recorded a substantial loss for the six months ended 30 June 2012 as compared to a profit for the six months ended 30 June 2011. The Board considers that the substantial loss is mainly attributable to (1) the decline in product selling prices, which is considered to be in line with the global solar market slowdown; (2) the impairment loss to be recognised in respect of the goodwill and the intangible assets arising from the acquisition of the subsidiaries related to the photovoltaic cell business; and (3) the write-down of certain prepayment for raw materials.

4. DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESS

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 held approximately 40% interest in Jinzhou Changhua. Jinzhou Changhua is engaged in the manufacturing of graphite and graphite related products. The business of Jinzhou Changhua does not compete with that of the Group. Jinzhou Changhua, as a company which manufactures graphite and graphite related products, is not a competitor of the Group because (a) the Group is not engaged in the manufacturing of graphite or any graphite related products; and (b) graphite is not a substitute for polysilicon in the manufacturing of solar products currently produced by the Group.

Mr. Chiao Ping Hai

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

5. MATERIAL INTERESTS

Save for the Continuing Connected Transaction, the other continuing connected transactions and connected transaction as disclosed in the Company's annual report for the year ended 31 December 2011, 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 date of this circular and which is significant in relation to the business of the Company.

Save as disclosed in the Company's annual report for the year ended 31 December 2011 under the heading “Report of Directors — Connected Transactions”, none of the Directors or any professional advisers named in paragraph 8 of this Appendix has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, being the date of the latest published audited financial statements of the Company.

6. 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.

7. 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.

8. EXPERT'S QUALIFICATION AND CONSENT

First Shanghai Capital Limited 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
First Shanghai Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

9. EXPERT'S INTERESTS

As at the Latest Practicable Date, First Shanghai Capital Limited 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 2011, 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.

10. 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 of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (c) The secretary of the Company is Ms. Cheung Lai Lai, a fellow of the Association of Chartered Certified Accountants and a practising certified public accountant 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.

11. 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 Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong during normal business hours on any business days from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2010 and 31 December 2011 and the interim report of the Company for the six months ended 30 June 2012;
- (c) 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;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 14 to 20 of this circular;
- (e) the written consent from the Independent Financial Adviser referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix; and
- (f) the New Materials Supply Agreement.

NOTICE OF THE EGM



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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Solargiga Energy Holdings Limited (“**Company**”) will be held at Unit A, 10/F, Two Chinachem Plaza, 135 Des Voeux Road, Central, Hong Kong on Thursday, 27 December 2012 at 5:00 p.m. to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

“THAT

- (a) the framework supply agreement (the “**New Materials Supply Agreement**”) dated 19 October 2012 entered into between the Company and 錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Products Company Limited) in respect of the supply of the graphite materials to the Company and its subsidiaries for the production of silicon ingots, a copy of which is tabled before the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the terms of the transactions contemplated under the New Materials Supply Agreement be and are hereby approved, confirmed and ratified;
- (b) the annual cap amounts in relation to the transactions contemplated under the New Materials Supply Agreement for the three years ending 31 December 2015 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 purpose of giving effect to the New Materials Supply Agreement and the transactions contemplated thereby.”

By Order of the Board
Solargiga Energy Holdings Limited
Hsu You Yuan
Executive Director

Hong Kong, 12 November 2012

NOTICE OF THE EGM

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Room 1402, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Notes:

1. Every shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company. 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.
2. In the case of a joint holding, any one of such persons may vote at the EGM, either in person or by proxy; but if more than one joint holders are present at the EGM in person or by proxy, the said person whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
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, 17M 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 EGM or any adjournment thereof 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. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 12:00 noon and 5:00 p.m. on Thursday, 27 December 2012, the EGM will not be held on that day. An announcement will be made in such event.
6. English translation of Chinese official names of the companies named in the resolutions numbered 1 above are for identification purpose only.

As at the date of this notice, Mr. Tan Wenhua (Chairman), Mr. Hsu You Yuan, Ms. Zhang Liming and Mr. Tan Xin are executive Directors; Mr. Chiao Ping-hai is a non-executive Director; and Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun are independent non-executive Directors.