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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)

DISCLOSEABLE TRANSACTION ISSUANCE OF CONVERTIBLE BONDS BY A SUBSIDIARY

The Board announced that on 14 April 2022 (after trading hours), Qujing Yangguang (an indirect non-wholly owned subsidiary of the Company) entered into the Subscription Agreement with the Investor, Mr. Tan Wenhua and Mr. Tan Xin pursuant to which Qujing Yangguang has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe, the Convertible Bonds in an aggregate principal amount of not more than RMB250,000,000.

Based on the minimum Conversion Price of not less than RMB26.3 per Qujing Share and assuming full conversion of the Convertible Bonds at the minimum Conversion Price, the Convertible Bonds will be convertible into a maximum of 9,505,703 Qujing Shares, representing:

- (i) approximately 6.95% of the total number of Qujing Shares in issue as at the date of this announcement; and
- (ii) approximately 6.49% of the total number of Qujing Shares as enlarged by full conversion of the Convertible Bonds.

The Group intends to apply the net proceeds of approximately RMB249 million from the issue of the Convertible Bonds, after deducting expenses in relation thereto, for setting up a monocrystalline furnace facility and other related equipment for the ingot pulling process in the production of silicon ingots and silicon wafers, and general working capital of Qujing Yangguang.

Assuming full conversion of the Convertible Bonds at the minimum Conversion Price of RMB26.3 per Qujing Share (subject to adjustment events) and there is no change in the shareholding structure of Qujing Yangguang prior to such conversion, the percentage of the Group's shareholding interest in Qujing Yangguang will be reduced by a maximum of approximately 3.49% from 53.70% to approximately 50.21% following full conversion of the Convertible Bonds. Such reduction of the Group's shareholding interest in Qujing Yangguang will constitute a deemed disposal by Jinzhou Yangguang (an indirect wholly-owned subsidiary of the Company) under Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio in respect of such deemed disposal exceeds 5% but is below 25%, the deemed disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Provision of the guarantees in favour of the Investor under the Personal Guarantees constitutes financial assistance given by Mr. Tan Wenhua and Mr. Tan Xin for the benefit of the Group under the Listing Rules. As (i) each of Mr. Tan Wenhua and Mr. Tan Xin is an executive Director, and (ii) Mr. Tan Wenhua is a substantial shareholder of the Company, holding 712,244,751 Shares, representing approximately 21.43% of the Shares in issue as at the date of this announcement, the provision of the Personal Guarantees constitutes a connected transaction for the Company under the Listing Rules. As the Directors consider that the Personal Guarantees are on normal commercial terms and the Personal Guarantees will not be secured by assets of the Group, the Personal Guarantees are fully exempt from the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Completion of the Subscription Agreement is subject to the fulfilment and/or waiver of the conditions precedent therein. Accordingly, the Convertible Bonds may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board announced that on 14 April 2022 (after trading hours), Qujing Yangguang (an indirect non-wholly owned subsidiary of the Company) entered into the Subscription Agreement with the Investor, Mr. Tan Wenhua and Mr. Tan Xin pursuant to which Qujing Yangguang has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe, the Convertible Bonds in an aggregate principal amount of not more than RMB250,000,000.

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date: 14 April 2022

Parties:

- (1) Qujing Yangguang, a joint stock limited company incorporated in the PRC, and directly owned as to approximately 53.70% by Jinzhou Yangguang and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement;
- (2) the Investor;
- (3) Mr. Tan Wenhua, chairman of the Board and an executive Director; and
- (4) Mr. Tan Xin, an executive Director

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Issuer of the Convertible Bonds: Qujing Yangguang

Principal amount of the Convertible Bonds: Not more than RMB250,000,000

Conditions precedent: Completion of the issue of the Convertible Bonds is subject to the following key conditions precedent:

- (i) Qujing Yangguang having provided certified copy of the Personal Guarantees, the Corporate Guarantees, the Asset Pledge and certain corporate documents of the Obligors (except Mr. Tan Wenhua and Mr. Tan Xin) to the Investor;

- (ii) the board of directors or shareholders (as required under the applicable laws and constitutional documents) of each of the Obligors (except Mr. Tan Wenhua and Mr. Tan Xin) having passed and having delivered their respective resolutions, (i) approving the entering into of the relevant Transaction Document(s) to which it is a party; (ii) authorising one or more directors (or legal representative) to execute such Transaction Document(s) and any related notices or documents; and (iii) authorising any one or more directors (or legal representative) to take any necessary action on behalf of such Obligor for giving effect to such Transaction Document(s) (if required);
- (iii) all representations and warranties given by each of the Obligors under the Transaction Documents to which he/she/it is a party having remained true and accurate in all material respects as at the date of the Drawdown Notice;
- (iv) there being no continuing Event of Default (as defined below) or potential Event of Default (as defined below);
- (v) no event that has or may cause a Material Adverse Effect having occurred;
- (vi) all necessary authorisations, approvals, documents or certifications from each of the Obligors (including but not limited to the Stock Exchange and the directors' and shareholders' approval of the Company, if applicable) in respect of the transactions contemplated under the Transaction Documents having been obtained and remaining in full force and effect, and the Company having fulfilled all applicable requirements under the Listing Rules in relation to the Convertible Bonds;
- (vii) all Transaction Documents having been duly executed by the respective parties thereto;
- (viii) Qujing Yangguang's PRC legal advisers having issued a legal opinion satisfactory to the Investor as to PRC law in respect of the Transaction Documents;
- (ix) the Investor having obtained the necessary internal approval in relation to the subscription of the Convertible Bonds; and

- (x) the Investor having completed due diligence (including but not limited to business, financial, compliance, legal and/or tax due diligence) on the Qijing Group and other Obligors to the satisfaction of the Investor.

Upon receiving from Qijing Yangguang’s legal representative a letter certifying that all relevant conditions precedent (except (ix) and (x) above) have been fulfilled, the Investor shall verify the status of the conditions precedent as stated therein. If all conditions precedent have been fulfilled (or waived by the Investor), the Investor shall notify Qijing Yangguang the same within one Business Day, upon which Qijing Yangguang shall, within one Business Day, issue the Drawdown Notice to the Investor.

Issue Date: The date on which the Investor shall pay the principal amount of the Convertible Bonds to Qijing Yangguang pursuant to the Drawdown Notice

Maturity Date: Three (3) years from the date of issuance of the Convertible Bonds

Interest: The Convertible Bonds shall bear interest for the period from the Issue Date to the Maturity Date at 5.8% per annum on the outstanding principal amount of the Convertible Bonds (“**Fixed Interest**”), payable every 6 months and with the final instalment payable on the Maturity Date.

Please also refer to the paragraph headed “SUBSCRIPTION AGREEMENT — Redemption” below in this announcement for further details on payment of interest.

Conversion Period: The Convertible Bonds will be convertible during the period commencing on the Issue Date and ending on the Maturity Date (or such other earlier date as agreed between the parties to the Subscription Agreement).

Conversion Price: The initial Conversion Price will be determined based on the unaudited pro forma consolidated net profit of the Qijing Group for the financial year immediately preceding the date of conversion of the Convertible Bonds and a price-to-earnings multiple of 15, subject to the minimum Conversion Price of RMB26.3 per Qijing Share (subject to adjustment events set out in and in accordance with the terms and conditions of the Subscription Agreement).

The minimum Conversion Price is determined based on arm's length negotiations between the parties to the Subscription Agreement with reference to the unaudited pro forma consolidated net profit of Qujing Yangguang and Jinzhou Youhua for the year ended 31 December 2021 and price-to-earnings multiple of 15 (which is determined after arm's length negotiations between the parties to the Subscription Agreement based on the size of the Qujing Group and their scale of operations).

- Ranking of Conversion Shares: The additional Qujing Shares to be registered upon conversion of the Convertible Bonds shall be fully-paid and in all respects rank *pari passu* with the Qujing Shares as registered on the relevant registration date.
- Adjustment events: The Conversion Price shall be subject to adjustment upon the occurrence of any of the following events:
- (i) issue of bonus shares by Qujing Yangguang;
 - (ii) placement of shares by Qujing Yangguang;
 - (iii) share consolidation or subdivision of Qujing Shares;
 - (iv) distribution of dividends by Qujing Yangguang; and
 - (v) issues of any new Qujing Shares (including options or rights which are convertible into securities of Qujing Yangguang) at a price per Qujing Share which is lower than the Conversion Price, or such issue is on more favourable conditions than that of the Convertible Bonds.
- Use of proceeds: For setting up a monocrystalline furnace facility and other related equipment for the ingot pulling process in the production of silicon ingots and silicon wafers, and general working capital of Qujing Yangguang (and any other purpose as agreed between the parties)
- Listing: The issue of the Convertible Bonds will be non-public and the Convertible Bonds will not be listed

- Guarantee: Each of Mr. Tan Wenhua (the chairman of the Board and an executive Director) and Mr. Tan Xin (an executive Director), and the Corporate Guarantors, namely Jinzhou Changhua and Jinzhou Youhua, shall, before Completion, execute a guarantee in favour of the Investor for the performance of the obligations of Qujing Yangguang under the Transaction Documents.
- Security: Qujing Yangguang shall provide the Asset Pledge over its equipment of an aggregate value of not less than RMB250,000,000 in favour of the Investor, as security for the performance of the obligations of Qujing Yangguang under the Transaction Documents.
- Redemption: (a) Redemption upon maturity
- Qujing Yangguang will redeem the Convertible Bonds at its outstanding principal amount in one lump sum, together with payment of the final instalment of the Fixed Interest, on the Maturity Date.
- (b) Early redemption on Event(s) of Default
- Upon the occurrence of an Event of Default (as defined below), and the Investor giving notice to Qujing Yangguang and/or any other Obligors declaring that all or part of the Convertible Bonds shall be immediately redeemed, the relevant outstanding principal amount and interest (including Fixed Interest and any additional interest to be determined with reference to the internal rate of return of the Convertible Bonds, and any other amounts which remain due and payable by any Obligor under any Transaction Document(s)) shall be immediately due and repayable.
- Where the relevant Event of Default is the non-payment of any amount payable under the relevant Transaction Document(s) by an Obligor, default interest (for the period from the date on which payment becomes due to the date of payment) at the rate of 5% per annum shall also be payable upon redemption.

(c) Early redemption on certain events

The Convertible Bonds shall be redeemed upon the occurrence of the following events:

- (i) The Investor may give written notice to Qijing Yangguang demanding early redemption of all or part of (as solely determined by the Investor) the Convertible Bonds on or before the date as required by the Investor at the outstanding principal amount with interest (including Fixed Interest and any additional interest to be determined with reference to the internal rate of return of the Convertible Bonds); provided that where the date of redemption as required by the Investor falls on or before 31 December 2022, no interest shall be payable upon redemption, and if Qijing Yangguang had previously paid any Fixed Interest or additional interest, such paid interest shall be deducted from the outstanding principal amount of the Convertible Bonds payable upon redemption.
- (ii) In the event the possible capital contribution for any capital increase as may be effected by Qijing Yangguang (the “**Proposed Capital Increase**”) is not approved by the Board and the shareholders of the Company before 30 September 2022, upon the Investor giving written notice to Qijing Yangguang, Qijing Yangguang shall redeem all or part of (as solely determined by the Investor) the outstanding Convertible Bonds on or before the date as required by the Investor at the outstanding principal amount with interest (including Fixed Interest and any additional interest to be determined with reference to the internal rate of return of the Convertible Bonds).

- (iii) If the Company fails to obtain all necessary approvals in respect of the proposed restructuring of Qujing Yangguang before 31 December 2022, upon the Investor giving written notice to Qujing Yangguang, Qujing Yangguang shall redeem all or part of (as solely determined by the Investor) the outstanding Convertible Bonds on or before the date as required by the Investor at the outstanding principal amount with interest (including Fixed Interest and any additional interest to be determined with reference to the internal rate of return of the Convertible Bonds).
 - (iv) All outstanding Convertible Bonds shall be redeemed on such date earlier than the Maturity Date as agreed between Qujing Yangguang and the Investor, in which case no interest shall be payable by Qujing Yangguang. The Investor shall use the redemption proceeds to pay for capital contribution for capital increase as may be effected by Qujing Yangguang. Notwithstanding the foregoing, if the date of early redemption as agreed between Qujing Yangguang and the Investor is a date falling after 31 December 2022, outstanding principal amount with interest (including Fixed Interest and any additional interest to be determined with reference to the internal rate of return of the Convertible Bonds) shall be payable upon such early redemption.
- (d) Early redemption at the option of Qujing Yangguang

If the Investor has not required Qujing Yangguang to redeem the Convertible Bonds as at the last date on which the capital contribution for the Proposed Capital Increase is fully paid up, Qujing Yangguang may, at its option, redeem all outstanding Convertible Bonds at its principal amount with Fixed Interest and any additional interest to be determined with reference to the internal rate of return of the Convertible Bonds. However, if the date of redemption falls on or before 31 December 2022, no interest shall be payable upon such early redemption, and if Qujing Yangguang had previously paid any Fixed Interest or additional interest, such paid interest shall be deducted from the outstanding principal amount of the Convertible Bonds payable upon redemption. The Investor shall use the redemption proceeds to pay for capital contribution for capital increase as may be effected by Qujing Yangguang.

Event of Default: The key events of default under the Subscription Agreement (the “**Events of Default**”, and each an “**Event of Default**”) are as follows:

- (i) any of the Obligors failing to pay any amount payable pursuant to any Transaction Documents which it is a party to within three Business Days after the stipulated payment date (except for failure of payment due to administrative or technical errors);
- (ii) any representation and warranty made or deemed to be made by any of the Obligors in any of the Transaction Documents which it is a party to or any other relevant documents provided by the such Obligor (or its representative) is or is determined to be incorrect or misleading;
- (iii) any of the Obligors does not perform or comply with any of his/its obligations under any Transaction Documents which it is a party to that are stipulated to be obligations other than payment obligations, and if such non-performance or non-compliance is capable of being remedied, not remedied within 10 days after the Investor gives relevant notice to such Obligor, or after the Obligor becomes aware of the occurrence of such non-performance or non-compliance;
- (iv) (a) in respect of financial debts of an Obligor: (i) the Obligor fails to settle any financial debts when it becomes due or within the relevant credit period (except where the Obligor raises a bona fide dispute regarding the financial debts which has been accepted by the Investor); (ii) any financial debts of the Obligor becoming due and payable before maturity by reason of default (howsoever described); (iii) a creditor of the Obligor cancelling or suspending the grant of any credit under any financial debts of the Obligor by reason of default (howsoever described); and/or (iv) any creditor of the Obligor being entitled to declare any financial debts of such Obligor to become due and payable before maturity by reason of default (howsoever described); and/or (b) in respect of other indebtedness of an Obligor, failure of the Obligor to pay when due on maturity which the amount equals or exceeds RMB5,000,000;

- (v) (a) any Obligor is, or is deemed to be incapable of repaying any financial debts when due on maturity, stops or suspends repayment of any of his/its financial debts, or due to his/its actual or projected financial difficulties, such Obligor has commenced negotiations with one or more than one of his/its creditors on the restructuring of any of such Obligor's financial debts; (b) the value of the assets of any Obligor is lower than its liabilities (inclusive of contingent and expected liabilities); and/or (c) the repayment date of any liabilities of any Obligor is declared to be delayed by any relevant authority(ies);
- (vi) (a) any Obligor being wound up, dissolved or have its business operation licence revoked, or entering into any bankruptcy, receivership or restructuring (by voluntary arrangement, agreed arrangement or other methods) process; (b) any Obligor and his/its investors negotiating settlement, effecting transfer or similar arrangements for debt restructuring; and/or (c) the appointment of liquidator, receiver, administrator, trustee, judicial administrator or other similar personnel of any Obligor or the major part of any of his/its assets due to such Obligor becoming bankrupt or insolvent, or without the written consent of the Investor;
- (vii) (a) any major assets of any Obligor are or may potentially be frozen, seized, confiscated or preserved or subject to any other enforcement measures; and/or (b) due to government actions, any Obligor or all or majority of his/its assets or income being subject to seizure, municipalisation, expropriation or mandatory acquisition;
- (viii) all (or effectively all) of the assets of an Obligor being the subject of any loss, damage or other event having a similar nature, or any insurer declaring all (or effectively all) of the assets of an Obligor being the subject of total loss or constructive total loss;

- (ix) (a) the Investor losing its Conversion Rights due to reasons not caused by the Investor; (b) Qijing Yangguang or other relevant Obligors failing (or failing to procure that the board of directors or shareholders of Qijing Yangguang) to execute the relevant transaction documents for conversion of the Convertible Bonds pursuant to the Subscription Agreement; or (c) Qijing Yangguang, Mr. Tan Wenhua or Mr. Tan Xin failing to procure the completion of the Investor's exercise of its Conversion Rights (for the avoidance of doubt, none of the circumstances specified in (b) and (c) above shall cause the Investor to lose any Conversion Rights);
- (x) (a) without the Investor's prior written consent, termination of any of the Transaction Documents by any Obligor, or by reason of any Obligor being no longer subject to (or any Obligor claims to be no longer subject to) the legally binding and effective obligations under the terms of such Transaction Document; and/or (b) any Obligor denies the validity of any Transaction Documents which it is a party to, or there is evidence showing such intention on the part of any Obligor;
- (xi) at any time, any Obligor's performance or compliance with all or part of his/its substantive obligations under any Transaction Documents which it is a party to, being determined to be unlawful, unenforceable or incapable of performance by any courts, arbitral institutions or relevant authorities of any effective jurisdiction, or any substantive obligations of any Obligor under any Transaction Documents which it is a party to not being (or no longer being) lawful, legally binding and enforceable;
- (xii) any Obligor ceasing or will no longer carry on all or any substantive part of its business, and the Investor has reasonably determined that such cessation of business constitutes a Material Adverse Effect on such Obligor's business;

- (xiii) (a) any organisational documents of any Obligor being terminated or amended, or consent or waiver is given in respect of such documents (except where it will not result in a Material Adverse Effect); and/or (b) any authorisations relevant to the Convertible Bonds or any Obligor being modified, removed, revoked or cancelled, and such amendment, removal, revocation or cancellation constitutes a Material Adverse Effect on such Obligor's business or cashflow;
- (xiv) any court, arbitral institution or relevant authority issuing any judgment, arbitration award or administrative penalty against any Obligor or in respect of any Obligor's assets which has a Material Adverse Effect;
- (xv) any of the Corporate Guarantees, Personal Guarantees and the Asset Pledge becoming invalid or the effectiveness of which has been adversely impacted, or any Obligor does not perform or comply with the requirements of guaranteed rights under any of the Corporate Guarantees, Personal Guarantees and the Asset Pledge which it is a party to; and where such situation is capable of being remedied, such Obligor has failed to remedy the situation within 30 days after the Investor issuing relevant notice to such Obligor or such Obligor having knowledge of such situation;
- (xvi) material change of shareholders (including their respective ultimate beneficial owners) of Qujing Yangguang, Qujing Group or the Group, including but not limited to Mr. Tan Wenhua or Mr. Tan Xin losing control over any member of the Group or Qujing Group;
- (xvii) Qujing Yangguang failing to repay all the amounts payable upon early redemption of the Convertible Bonds before the Maturity Date (except in the case of early redemption at the option of Qujing Yangguang); and
- (xviii) occurrence of any event or series of event (or circumstances) which has a Material Adverse Effect.

Upon the occurrence of an Event of Default, the Investor shall have the right to:

- (a) give notice to Qujing Yangguang and/or any other Obligors of the occurrence of an Event of Default;
- (b) give notice to Qujing Yangguang and/or any other Obligors on the waiver or consent to remedy of the relevant Event of Default;
- (c) give notice to Qujing Yangguang and/or any other Obligors requiring it to pay default interest of 5% per annum on the outstanding principal amount of the Convertible Bonds, which runs from the Issue Date and ends on the date on which the Event of Default has been waived or remedied; provided that, in the case where any of the Obligors failing to pay any amount payable pursuant to the relevant Transaction Documents which it is a party to within three Business Days after the stipulated payment date (except for failure of payment due to administrative or technical errors), the default interest shall run from the original date on which the outstanding principal amount and accrued interest was first payable and ends on the date on which such amounts have been repaid;
- (d) request enforcement of the Investor's rights under the Corporate Guarantees, the Personal Guarantees and the Asset Pledge;
- (e) give notice to Qujing Yangguang and/or any other Obligors declaring that all or part of the Convertible Bonds shall be immediately redeemed and the relevant outstanding principal amount and interest (and any other amounts which remain due and payable by any Obligor under any Transaction Document(s)) shall be immediately due and payable;
- (f) on the occurrence of an Event of Default which causes the Investor to lose any of its Conversion Rights, demand that Qujing Yangguang and/or any other Obligors to pay compensation in one lump sum, which shall be calculated with reference to the outstanding principal amount at the material time, using an internal rate of return of 13.5% from the date of the Event of Default and up to the Maturity Date (inclusive of both dates); and/or

- (g) exercise any other rights as permitted under any laws, regulations and any Transaction Documents.

Transferability: The Convertible Bonds may be transferred to any person by giving written notice to each of Qujing Yangguang, Mr. Tan Wenhua and Mr. Tan Xin of such transfer.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price will be determined based on the unaudited pro forma consolidated net profit of the Qujing Group for the financial year immediately preceding the date of conversion of the Convertible Bonds and a price-to-earnings multiple of 15, subject to the minimum Conversion Price of RMB26.3 per Qujing Share (subject to adjustment events set out in and in accordance with the terms and conditions of the Subscription Agreement).

The minimum Conversion Price is determined based on arm's length negotiations between the parties to the Subscription Agreement with reference to the unaudited pro forma consolidated net profit of Qujing Yangguang and Jinzhou Youhua for the year ended 31 December 2021 and price-to-earnings multiple of 15 (which is determined after arm's length negotiations between the parties to the Subscription Agreement based on the size of the Qujing Group and their scale of operations).

The number of Conversion Shares issuable upon conversion of any Convertible Bond shall be determined by dividing the principal amount of the Convertible Bond converted by the Conversion Price in effect on the conversion date of the Convertible Bond. Based on the minimum Conversion Price of RMB26.3 per Qujing Share and assuming full conversion of the Convertible Bonds at the minimum Conversion Price, the Convertible Bonds will be convertible into a maximum of 9,505,703 Qujing Shares, representing:

- (i) approximately 6.95% of the total number of Qujing Shares in issue as at the date of this announcement; and
- (ii) approximately 6.49% of the total number of Qujing Shares as enlarged by full conversion of the Convertible Bonds.

EFFECT ON THE SHAREHOLDING STRUCTURE OF QUJING YANGGUANG

As at the date of this announcement, there are a total of 136,870,000 Qujing Shares in issue. Jinzhou Yangguang, a wholly-owned subsidiary of the Company, is a shareholder of Qujing Yangguang with a shareholding of 73,500,000 Qujing Shares, representing approximately 53.70% of the total share capital of Qujing Yangguang as at the date of this announcement.

Assuming full conversion of the Convertible Bonds at the minimum Conversion Price of RMB26.3 per Qujing Share (subject to adjustment events) and there is no change in shareholding in Qujing Yangguang prior to such conversion, the percentage of the Group's shareholding interest in Qujing Yangguang will be reduced by a maximum of approximately 3.49% from 53.70% to approximately 50.21% following full conversion of the Convertible Bonds. Accordingly, Qujing Yangguang will remain as a subsidiary of the Company and its financial results and financial positions will continue to be consolidated in the consolidated financial statements of the Group following the full conversion of the Convertible Bonds.

The following table sets out the shareholding structure of Qujing Yangguang (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds at the minimum Conversion Price of RMB26.3 per Qujing Share (assuming there is no change in the shareholding structure of Qujing Yangguang prior to such conversion):

Shareholders of Qujing Yangguang	As at the date of this announcement		Upon full conversion of the Convertible Bonds at the minimum Conversion Price	
	<i>Number of Qujing Shares</i>	<i>Shareholding percentage (%)</i>	<i>Number of Qujing Shares</i>	<i>Shareholding percentage (%)</i>
The Group	73,500,000	53.70	73,500,000	50.21%
Other shareholders	63,370,000	46.30	63,370,000	43.30%
The Investor	—	—	<u>9,505,703</u>	<u>6.49%</u>
Total	<u>136,870,000</u>	<u>100.00%</u>	<u>146,375,703</u>	<u>100.00%</u>

USE OF PROCEEDS

The Group intends to apply the net proceeds of approximately RMB249 million from the issue of the Convertible Bonds, after deducting expenses in relation thereto, for setting up a monocrystalline furnace facility and other equipment for the ingot pulling process in the production of silicon ingots and silicon wafers, and general working capital of Qujing Yangguang.

INFORMATION ON THE GROUP AND QUJING GROUP

Information on the Group

The Group is principally engaged in (i) the manufacture and trading of, and the provision of processing services for, monocrystalline silicon solar ingots and wafers, (ii) the manufacture and trading of photovoltaic module business, (iii) the construction and operation of photovoltaic power systems and (iv) semiconductor business.

Information on Qujing Group

Qujing Yangguang

Qujing Yangguang is a joint stock limited company established in the PRC with a registered capital of RMB136,870,000 divided into 136,870,000 ordinary shares with a par value of RMB1.00 each. As at the date of this announcement, Qujing Yangguang is owned as to approximately 53.70% by Jinzhou Yangguang (an indirect wholly-owned subsidiary of the Company), and hence an indirect non-wholly owned subsidiary of the Company. Qujing Yangguang is principally engaged in the manufacture and trading, and the provision of processing services for, of monocrystalline ingots and wafers.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquires, apart from the Company which indirectly owned approximately 53.70% of the shareholdings in Qujing Yangguang, the remaining shareholders of Qujing Yangguang are as follows:

Name of remaining shareholders	Shareholding % in Qujing Yangguang	Number of shareholders of each remaining shareholder ^(Note 1)
Jack Win Investment Holdings Limited	15.34%	1 ^(Note 2)
626 Investments Holdings Limited	5.85%	1 ^(Note 3)
Jinzhou Xiaojuren Investment Centre (Limited partnership)* (“ Jinzhou Xiaojuren ”) 錦州小巨人投資中心(有限合夥)	5.52%	16
Qujing Shengyuan Enterprise Management Consulting Center (Limited Partnership)* 曲靖聖元企業管理諮詢中心(有限合夥)	4.45%	8
Qujing Tenghui Enterprise Management Consulting Center (Limited Partnership)* (“ Qujing Tenghui ”) 曲靖騰輝企業管理諮詢中心(有限合夥)	3.74%	47
Qujing Ruichi Enterprise Management Consulting Center (Limited Partnership)* (“ Qujing Ruichi ”) 曲靖瑞馳企業管理諮詢中心(有限合夥)	3.65%	6
Qujing Jiuhong Enterprise Management Consulting Center (Limited Partnership)* (“ Qujing Jiuhong ”) 曲靖久弘企業管理諮詢中心(有限合夥)	2.42%	11

Name of remaining shareholders	Shareholding % in Qujing Yangguang	Number of shareholders of each remaining shareholder ^(Note 1)
Qujing Boyuan Enterprise Management Consulting Center (Limited Partnership)* (“Qujing Boyuan”) 曲靖博遠企業管理諮詢中心(有限合夥)	2.35%	48
Qujing Hongtai Enterprise Management Consulting Center (Limited Partnership)* 曲靖宏泰企業管理諮詢中心(有限合夥)	1.33%	27
Qujing Hongsheng Enterprise Management Consulting Center (Limited Partnership)* 曲靖宏晟企業管理諮詢中心(有限合夥)	0.83%	20
Qujing Hongyuan Enterprise Management Consulting Center (Limited Partnership)* 曲靖宏遠企業管理諮詢中心(有限合夥)	0.82%	19
Total	46.30%	204

Notes:

1. Certain number of these shareholders have shareholdings in multiple remaining shareholders. However, none of these overlapping shareholders can exert majority control in more than one remaining shareholder.
2. The sole shareholder of Jack Win Investment Holdings Limited is Mr. Chan Koon Biu.
3. The sole shareholder of 626 Investments Holdings Limited is Mr. Tam Wing Keung.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, save for (i) Ms. Feng Wenli, an independent non-executive director of the Company, who held 1.30% shareholding in Qujing Tenghui; (ii) Mr. Tan Wenge, brother of Mr. Tan Wenhua (chairman of the Board), who held 1.90% shareholding in Jinzhou Xiaojuren and 4.76% shareholding in Qujing Boyuan; (iii) Mr. Tan Wenxiang, brother of Mr. Tan Wenhua (chairman of the Board), who held 5.03% shareholding in Qujing Jiuhong; (iv) Ms. Tan Juan, niece of Mr. Tan Wenhua (chairman of the Board) and daughter of Mr. Tan Wenxiang, who held 6.00% shareholding in Qujing Ruichi; and (v) Ms. Wang Jing, niece of Mr. Tan Wenhua (chairman of the Board), who held 1.30% shareholding in Qujing Tenghui as at the date of this announcement, all of the remaining shareholders are independent third parties.

Jinzhou Youhua

Jinzhou Youhua is a limited liability company established in the PRC.

Jinzhou Youhua was formerly an indirect wholly-owned subsidiary of the Company. Pursuant to an equity transfer agreement dated 25 February 2022 entered into between Solargiga Energy (Hong Kong) Company Limited, a wholly-owned subsidiary of the Company (“**Solargiga Energy**”), as vendor and Qujing Yangguang, as purchaser (the “**Equity Transfer Agreement**”), Solargiga Energy had agreed to sell and Qujing Yangguang had agreed to acquire the entire equity interest in Jinzhou Youhua (the “**Equity Transfer**”). For further details of the Equity Transfer Agreement, please refer to the announcement of the Company dated 25 February 2022. Completion of the Equity Transfer took place on 17 March 2022. As at the date of this announcement, Jinzhou Youhua is a wholly-owned subsidiary of Qujing Yangguang, and hence an indirect non-wholly owned subsidiary of the Company. Jinzhou Youhua is a company principally engaged in manufacturing and trading of monocrystalline ingots and wafers.

Jinzhou Changhua

Jinzhou Changhua is a limited liability company established in the PRC. It was acquired by Qujing Yangguang on 22 March 2022 from two independent third parties. Jinzhou Changhua is a wholly-owned subsidiary of Qujing Yangguang and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement. Jinzhou Changhua is principally engaged in the manufacturing of graphite and graphite related products.

FINANCIAL INFORMATION ON QUJING GROUP

Qujing Yangguang

The following table sets out the audited net profit before tax and net profit after tax of Qujing Yangguang for the two years ended 31 December 2021 prepared in accordance with the Business Enterprise Accounting Standard (企業會計準則) issued by the PRC Ministry of Finance:

	For the year ended	
	31 December	
	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)
Net profit before tax	46,235	217,222
Net profit after tax	39,300	186,196

The audited net asset value of Qujing Yangguang as at 31 December 2021 was approximately RMB440,459,000.

Jinzhou Youhua

The following table sets out the audited net profit before tax and net profit after tax of Jinzhou Youhua for the two years ended 31 December 2021 prepared in accordance with the Business Enterprise Accounting Standard (企業會計準則) issued by the PRC Ministry of Finance:

	For the year ended 31 December	
	2020 (RMB'000) (audited)	2021 (RMB'000) (audited)
Net profit before tax	41,887	61,770
Net profit after tax	40,155	52,505

The audited net asset value of Jinzhou Youhua as at 31 December 2021 was approximately RMB155,883,000.

Jinzhou Changhua

The following table sets out the audited net profit before tax and net profit after tax of Jinzhou Changhua for the two years ended 31 December 2021 prepared in accordance with the Business Enterprise Accounting Standard (企業會計準則) issued by the PRC Ministry of Finance:

	For the year ended 31 December	
	2020 (RMB'000) (audited)	2021 (RMB'000) (audited)
Net profit before tax	4,345	7,224
Net profit after tax	3,183	5,418

The audited net asset value of Jinzhou Changhua as at 31 December 2021 was approximately RMB7,225,000.

INFORMATION ON THE INVESTOR

The Investor is a limited liability partnership established under the laws of the PRC on 4 November 2019, whose general partner is Panshi Investment Consultant (Suzhou Industry Park) Co., Ltd* (盤實投資顧問(蘇州工業園區)有限公司), a limited liability company established under the laws of the PRC and is wholly-owned by Abax Global Capital (Hong Kong) Limited. Abax Global Capital (Hong Kong) Limited and its affiliates advise and manage a number of private equity funds, including a Cayman

Islands domiciled exempted limited partnership named Abax Asian Structured Private Credit Fund III, LP. The Investor is an onshore investment platform of Abax Asian Structured Private Credit Fund III, LP. Abax Global Capital (Hong Kong) Limited is an alternative investment manager founded in February 2007. It is licensed with the Hong Kong Securities and Futures Commission to conduct type 9 regulated activities.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS

The Directors consider that the issuance of the Convertible Bonds by Qujing Yangguang would raise the funds necessary for establishing a new monocrystalline furnace and increasing general working capital of Qujing Yangguang. The issue of the Convertible Bonds would also present an opportunity for Qujing Yangguang to broaden its capital base and financial position. Therefore, the Directors consider that the terms and conditions of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL UPON CONVERSION OF THE CONVERTIBLE BONDS

Immediately after full conversion of the Convertible Bonds, Qujing Yangguang will continue to be a subsidiary of the Company. As the overall net change in the Company's shareholding interest in Qujing Yangguang will not result in loss of the Group's control over Qujing Yangguang, there will be no gain or loss expected to accrue to the Company's consolidated statement of profit or loss and other comprehensive income as a result of the deemed disposal of the Group's shareholding interest in Qujing Yangguang upon the full conversion of the Convertible Bonds.

IMPLICATIONS UNDER THE LISTING RULES

Assuming full conversion of the Convertible Bonds at the minimum Conversion Price of RMB26.3 per Qujing Share (subject to adjustment events) and there is no change in the shareholding structure of Qujing Yangguang prior to such conversion, the percentage of the Group's shareholding interest in Qujing Yangguang will be reduced by a maximum of approximately 3.49% from 53.70% to approximately 50.21% following full conversion of the Convertible Bonds, and Qujing Yangguang will remain as a subsidiary of the Company. Such reduction of the Group's shareholding interest in Qujing Yangguang will constitute a deemed disposal by Jinzhou Yangguang under Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio in respect of such deemed disposal exceeds 5% but is below 25%, the deemed disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Provision of the guarantees in favour of the Investor under the Personal Guarantees constitutes financial assistance given by Mr. Tan Wenhua and Mr. Tan Xin for the benefit of the Group under the Listing Rules. As (i) each of Mr. Tan Wenhua and Mr. Tan Xin is an executive Director, and (ii) Mr. Tan Wenhua is a substantial shareholder of the Company, holding 712,244,751 Shares, representing approximately 21.43% of the Shares in issue as at the date of this announcement, the provision of the Personal Guarantees constitutes a connected transaction for the Company under the Listing Rules. As the Directors consider that the Personal Guarantees are on normal commercial terms, and the Personal Guarantees will not be secured by assets of the Group, the Personal Guarantees are fully exempt from the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

GENERAL

Completion of the Subscription Agreement is subject to the fulfilment and/or waiver of the conditions precedent therein. Accordingly, the Convertible Bonds may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Asset Pledge”	the asset pledge agreement dated 14 April 2022 between Qujing Yangguang and the Investor pursuant to which certain equipment of Qujing Yangguang with an aggregate value of not less than RMB250,000,000 shall be pledged to the Investor to secure Qujing Yangguang's obligations under the Convertible Bonds
“Board”	the board of Directors of the Company
“Business Day(s)”	day(s) on which commercial banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays)
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司) (stock code: 757), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Subscription Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Conversion Period”	the period commencing on the Issue Date and ending on the Maturity Date (or such other earlier date as agreed between the parties to the Subscription Agreement)
“Conversion Price”	the price per Conversion Share (subject to adjustments) at which the Convertible Bonds may be converted into the Qujing Shares
“Conversion Rights”	the rights of the Investor to subscribe for Conversion Shares upon conversion of the Convertible Bonds pursuant to the terms and conditions of the Subscription Agreement
“Conversion Share(s)”	the Qujing Share(s) to be issued upon conversion of the Convertible Bonds pursuant to the terms and conditions of the Subscription Agreement
“Convertible Bonds”	the convertible bonds to be issued by Qujing Yangguang to the Investor with a principal amount of not more than RMB250,000,000 pursuant to the Subscription Agreement
“Corporate Guarantees”	guarantees to be provided by each of the Corporate Guarantors in favour of the Investor for Qujing Yangguang’s performance of its obligations under the Transaction Documents
“Corporate Guarantors”	Jinzhou Changhua and Jinzhou Youhua
“Director(s)”	director(s) of the Company
“Drawdown Notice”	the notice to be given by Qujing Yangguang to the Investor requesting the Investor to pay the principal amount of the Convertible Bonds to Qujing Yangguang pursuant to the Subscription Agreement; such notice shall be given within one Business Day after the Investor had notified Qujing Yangguang that all conditions precedent under the Subscription Agreement have been fulfilled (or waived)
“Fixed Interest”	interest at 5.8% per annum on the outstanding principal amount of the Convertible Bonds for the period from the Issue Date to the Maturity Date, which shall be payable every six months, with the last instalment of the interest payable on the Maturity Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Investor”	Shenzhen Boquan Enterprise Management Center (Limited Partnership) (深圳博泉企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC, and the Investor of the Convertible Bonds
“Issue Date”	the date on which the Convertible Bonds will be issued to the Investor and which the Investor shall pay the principal amount of the Convertible Bonds to Qujing Yangguang
“Jinzhou Changhua”	Jinzhou Changhua Carbon Products Company Limited (錦州昌華碳素製品有限公司), a limited liability company established in the PRC, a wholly-owned subsidiary of Qujing Yangguang and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Jinzhou Yangguang”	Jinzhou Yangguang Energy Co., Ltd (錦州陽光能源有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Jinzhou Youhua”	Jinzhou Youhua Silicon Materials Co., Ltd (錦州佑華硅材料有限公司), a limited liability company established in the PRC, a wholly-owned subsidiary of Qujing Yangguang and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	an actual or potential material adverse effect on: (i) the operational, financial, cashflow, prospects or business (as a whole) any Obligor and/or member of Qujing Group; (ii) the capability of any Obligor and/or member of Qujing Group to perform and comply with his/its obligations under any Transaction Document to which it is a party to; and/or (iii) the validity, legality or enforceability of any Transaction Document, or the rights and remedies available to the Investor under any Transaction Document
“Maturity Date”	three (3) years from the Issue Date
“Obligors”	Qujing Yangguang, the Corporate Guarantors, Mr. Tan Wenhua and Mr. Tan Xin, and the term “Obligor” shall be construed accordingly

“Personal Guarantees”	guarantees to be provided by each of Mr. Tan Wenhua, chairman of the Board and an executive Director, and Mr. Tan Xin, an executive Director in favour of the Investor for Qujing Yangguang’s performance of its obligations under the Transaction Documents
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Qujing Group”	collectively, Qujing Yangguang, Jinzhou Youhua and Jinzhou Changhua
“Qujing Share(s)”	ordinary share(s) of RMB1.00 each in the capital of Qujing Yangguang
“Qujing Yangguang”	Qujing Yangguang Energy Silicon Materials Co., Ltd (曲靖陽光新能源股份有限公司, formerly known as 曲靖陽光能源硅材料有限公司), a joint stock limited company established in the PRC, and directly owned as to approximately 53.70% by Jinzhou Yangguang and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 14 April 2022 entered into between Qujing Yangguang, the Investor, Mr. Tan Wenhua and Mr. Tan Xin in connection with the issue of the Convertible Bonds to the Investor

“Transaction Documents” the documents executed or to be executed in relation to the issue of the Convertible Bonds, which include but are not limited to: the Subscription Agreement, the Personal Guarantees, the Corporate Guarantees and the Asset Pledge, and the term “Transaction Document” shall be construed accordingly

“%” per cent

By Order of the Board
Solargiga Energy Holdings Limited
Tan Wenhua
Chairman

Hong Kong, 14 April 2022

As at the date of this announcement, the executive Directors are Mr. Tan Wenhua (Chairman), Mr. Tan Xin and Mr. Wang Junze, the non-executive Director is Mr. Hsu You Yuan and the independent non-executive Directors are Dr. Wong Wing Kuen, Albert, Ms. Feng Wenli and Mr. Lian Tao.

** For identification purpose only*