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

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

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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)

MAJOR TRANSACTION DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY AND NOTICE OF EGM

A notice convening the extraordinary general meeting (the “EGM”) to be held on Wednesday, 17 August 2022 at 11 a.m. at Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-5 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 and sign 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 form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please refer to page ii of this circular for measures being taken to prevent and control the spread of the Coronavirus Disease 2019 (COVID-19) at the EGM, including:

- compulsory body temperature checks and health declarations
- compulsory wearing of a surgical face mask for each attendee
- no distribution of corporate gift and refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. Shareholders are strongly encouraged to exercise their voting rights at the EGM by appointing the chairman of the EGM as proxy to attend and vote on the relevant resolutions at the EGM instead of attending the EGM or any adjourned meeting in person.

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING	ii
DEFINITIONS	1
LETTER FROM THE BOARD	8
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — GENERAL INFORMATION	II-1
NOTICE OF EGM	EGM-1

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing COVID-19 pandemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) All EGM attendees are requested to wear surgical face masks at the EGM venue at all times, and to maintain a safe distance with other attendees. No masks will be provided at the venue.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.
- (v) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

In addition, the Company reminds all shareholders that **physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person**, by completing and returning the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our registered office or to our email at info@solargiga.com.

If any shareholder has any question relating to the meeting, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar and transfer office as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Website: <http://www.computershare.com/hk/contact>
Tel: 2862 8555
Fax: 2865 0990

DEFINITIONS

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

“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)
“Capital Injection”	the subscription of a maximum of 27,138,643 Qujing Shares by the Investors in accordance with the Service Agreement at a total capital contribution of up to RMB460,000,000, of which up to approximately RMB27,138,643 will be applied to the registered capital of Qujing Yangguang and up to approximately RMB432,861,357 will be credited as capital reserve of Qujing Yangguang
“Capital Injection Agreement”	the conditional capital injection agreement to be entered into between Qujing Yangguang and its existing shareholders and an Investor identified by Guotai Junan, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Claim”	any litigation, claim, arbitration, settlement, judgment, inquiry, investigation or other process initiated by or brought to any government authorities
“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the convertible bonds issued by Qujing Yangguang to the First Investor with a principal amount of RMB250,000,000 pursuant to the Subscription Agreement
“Deemed Disposal”	the reduction of the Company’s shareholding in Qujing Yangguang from approximately 53.70% to 45.00% (given that Jinzhou Yangguang, being a wholly-owned subsidiary of the Company, will not participate in the Capital Injection), which constitutes a deemed disposal of the Group’s 8.70% shareholding interest in Qujing Yangguang under Rule 14.29 of the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve the Service Agreement, the Capital Injection, the grant of the First Investor’s Repurchase Option and the transactions contemplated thereunder
“Fifth Capital Injection Agreement”	the conditional capital injection agreement dated 30 June 2022 entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and the Fifth Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Fifth Investor”	Qujing Kunhong Enterprise Management Consulting Centre* (曲靖坤弘企業管理諮詢中心(有限合夥)), a limited partnership established under the laws of the PRC
“First Capital Injection Agreement”	the conditional capital injection agreement dated 18 July 2022 entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang, Mr. Tan Wenhua and Mr. Tan Xin and the First Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“First 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
“Fourth Capital Injection Agreement”	the conditional capital injection agreement dated 30 June 2022 entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and the Fourth Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Fourth Investor”	Wenzhou Jiuzhi Venture Capital Partnership (Limited Partnership)* (溫州玖致創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guotai Junan”	Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a joint stock limited company incorporated in the PRC in August 1999, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 601211) and the H shares of which are listed on the main board of the Stock Exchange (stock code: 2611)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Investors”	investors to be sought and procured by Guotai Junan to participate in the Capital Injection
“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
“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
“Latest Practicable Date”	26 July 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2022

DEFINITIONS

“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 the Capital Injection Agreement and any transaction document contemplated thereunder to which it is a party to; and/or (iii) the validity, legality or enforceability of the Capital Injection Agreement and any transaction document contemplated thereunder, or the rights and remedies available to the Investor under the Capital Injection Agreement and any transaction document contemplated thereunder
“New Shares”	a maximum of 27,138,643 Qujing Shares to be placed in accordance with the Service Agreement
“percentage ratio(s)”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China
“Profit Guarantee”	the profit guarantee to be provided by Qujing Yangguang, Jinzhou Yangguang, Mr. Tan Wenhua and Mr. Tan Xin under the Capital Injection in relation to the audited net profit of Qujing Yangguang (being the higher of (i) net profit before extraordinary items; and (ii) net profit after extraordinary items) for each of the three years ending 31 December 2022, 2023 and 2024, respectively, the details of which are set out in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (k) Financial Target and Shareholding Adjustment” in the Letter from the Board of this circular
“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 New Energy 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

DEFINITIONS

“Repurchase Option”	the right of the Investors to request Qijing Yangguang, or Mr. Tan Wenhua or Mr. Tan Xin (or a third party designated by Mr. Tan Wenhua or Mr. Tan Xin) to purchase the Qijing Shares placed to such Investor under the Capital Injection upon the occurrence of certain specified events, the details of which are set out in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (1) Share Repurchase” in the Letter from the Board of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Second Capital Injection Agreement”	the conditional capital injection agreement dated 30 June 2022 entered into between Qijing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qijing Yangguang and the Second Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Second Investor”	Nanjing Zhoubo Fangwei Enterprise Management Centre (Limited Partnership)* (南京州博方維企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC
“Service Agreement”	the service agreement entered into between Qijing Yangguang and Guotai Junan on 29 April 2022, pursuant to which Guotai Junan has agreed to place, on a best-effort basis, the New Shares to Investors
“Seven Capital Injection Agreements”	collectively, the First Capital Injection Agreement, the Second Capital Injection Agreement, the Third Capital Injection Agreement, the Fourth Capital Injection Agreement, the Fifth Capital Injection Agreement, the Sixth Capital Injection Agreement and the Seventh Capital Injection Agreement
“Seventh Capital Injection Agreement”	the conditional capital injection agreement dated 18 July 2022 entered into between Qijing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qijing Yangguang and the Seventh Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Seventh Investor”	Qijing Economic and Technological Development Area Chanye Yindao Equity Investment Fund (Limited Partnership)* (曲靖經開區產業引導股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Shareholders’ Agreement”	a shareholders’ agreement to be entered into between Qujing Yangguang, its existing shareholders, the Investors, Mr. Tan Wenhua and Mr. Tan Xin upon completion of the Capital Injection
“Sixth Capital Injection Agreement”	the conditional capital injection agreement dated 30 June 2022 entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and the Sixth Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Sixth Investor”	Qujing Economic and Technological Development Area Xingchan Equity Investment Fund (Limited Partnership)* (曲靖經開區興產股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 14 April 2022 entered into between Qujing Yangguang, the First Investor, Mr. Tan Wenhua and Mr. Tan Xin in connection with the issue of the Convertible Bonds to the First Investor
“Third Capital Injection Agreement”	the conditional capital injection agreement dated 30 June 2022 entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and the Third Investor, which contains the terms and conditions of the Capital Injection as detailed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection” in the Letter from the Board of this circular
“Third Investor”	Shenzhen Rongxin Taifu Investment Co., Ltd.* (深圳市榮信泰富投資有限公司), a limited liability company established under the laws of the PRC

DEFINITIONS

“Undertaking”	the undertaking entered into between Mr. Tan Wenhua and Mr. Tan Xin in favour of Jinzhou Yangguang dated 26 July 2022 pursuant to which, among other things, Mr. Tan Wenhua and Mr. Tan Xin have undertaken in favour of Jinzhou Yangguang to, within 30 days after purchasing Qujing Shares from the Investors at such Investors’ request (provided that a Repurchase Event has occurred), transfer such Qujing Shares to Jinzhou Yangguang at the same consideration paid by Mr. Tan Wenhua and/or Mr. Tan Xin
“%”	per cent

In this circular, for illustration purpose only, amounts quoted in RMB has been converted into HK\$ at the rate of RMB1.00 to HK\$1.176. Such exchange rate has been used, where applicable, for illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

This circular has been printed in English and Chinese. In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.



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. Tan Xin
Mr. Wang Junze

Non-executive Director:

Mr. Hsu You Yuan

Independent Non-executive Directors:

Dr. Wong Wing Kuen, Albert
Mr. Lian Tao
Ms. Chung Wai Hang

Registered office:

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

*Head office and principal place of
business in Hong Kong:*

Room 1402, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

29 July 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY

Reference is made to the announcement of the Company dated 29 April 2022 in relation to, among others, the Service Agreement and the Capital Injection.

The purpose of this circular is to provide you with, among other things, information regarding the resolutions to be proposed at the EGM to approve the Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder.

LETTER FROM THE BOARD

1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION

The principal terms of the Capital Injection under the Service Agreement are as follows:

Date of the Service Agreement:

29 April 2022 (after trading hours)

Parties to the Service Agreement:

- (1) Qujing Yangguang; and
- (2) Guotai Junan.

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

Services

Guotai Junan has conditionally agreed to, during the six-month period commencing on the date of the Service Agreement, place on a best-effort basis, up to 27,138,643 Qujing Shares to the Investors. Guotai Junan shall also provide financial advisory and consulting services to Qujing Yangguang in respect of the Capital Injection.

Fees

Within five Business Days after completion of the industrial and commercial registration in respect of the Capital Injection, Qujing Yangguang shall pay Guotai Junan a fee of RMB200,000, being the service fee for the services rendered by Guotai Junan under the Service Agreement.

Capital Injection

(a) Type of nominal value of Qujing Shares to be issued

Ordinary shares with a par value of RMB1.00 each in the capital of Qujing Yangguang

(b) Method of issuance

Non-public issuance

LETTER FROM THE BOARD

(c) Target investors

It is expected that the New Shares will be placed to not more than 15 Investors. The targeted Investors shall be institutional and professional investors and other qualified investors and natural persons.

The Investors and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons.

(d) Issue price

The issue price shall not be less than RMB16.95 per New Share.

The minimum issue price of RMB16.95 per New Share is determined based on arm's length negotiations between Guotai Junan and Qujing Yangguang 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 10 (which is determined after arm's length negotiations between Guotai Junan and Qujing Yangguang with reference to (i) the size of the Qujing Group; (ii) their scale of operations; and (iii) the price-to-earnings multiples of comparable companies of the same industry in the market).

Based on the unaudited pro forma consolidated net profit of Qujing Yangguang and Jinzhou Youhua for the year ended 31 December 2021 and the price-to-earnings multiple of 10, it is estimated that the fair market value of the Qujing Group is approximately RMB2,380,000,000.

(e) Capital Injection Agreement and payment of consideration

Guotai Junan shall use its reasonable endeavours to procure each of the Investors to enter into the Capital Injection Agreement with Qujing Yangguang and its existing shareholders. The Capital Injection Agreement is subject to the conditions as set out in the paragraph headed "1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (h) Conditions precedent" below in this letter. The Capital Injection Agreement shall detail the terms of the Capital Injection as set out in the Service Agreement and as disclosed in the section headed "1. The SERVICE AGREEMENT AND THE CAPITAL INJECTION" below in this letter.

The Investors shall pay the consideration for the relevant New Shares to Qujing Yangguang in advance within 10 Business Days after the date of the relevant Capital Injection Agreement (or such other date as the parties to the Capital Injection Agreement may agree). If any of the conditions under the Capital Injection Agreement are not fulfilled on or before the Long Stop Date (or such other date as the parties to the Capital Injection Agreement may agree), the Capital Injection Agreement shall be terminated, and the consideration for the relevant New Shares shall be refunded (with interest) to each Investor within 10 Business Days from the date on which such condition is incapable of being fulfilled.

LETTER FROM THE BOARD

(f) Amount of proceeds to be raised and number of New Shares to be placed

The amount of proceeds to be raised from the Capital Injection will be no more than RMB460,000,000. The number of New Shares to be placed under the Capital Injection will be no more than 27,138,643 based on the minimum issue price of RMB16.95 per New Share.

(g) Registered Capital and Capital Reserves

Assuming the New Shares are fully placed in accordance with the Service Agreement, the registered capital of Qujing Yangguang will be increased by a maximum of approximately RMB27,138,643 from approximately RMB136,870,000 to approximately RMB164,008,643. The gross proceeds in excess of the newly increased registered capital under the Capital Injection will be credited as capital reserves of Qujing Yangguang.

(h) Conditions precedent

The Capital Injection shall be conditional upon:

- (i) the Company having complied with all relevant requirements under the Listing Rules in respect of the Service Agreement, the Capital Injection and the transactions contemplated thereunder;
- (ii) the approval by the Directors and the shareholders of the Company (who are entitled to and are not required to abstain from voting pursuant to the Listing Rules and any other applicable laws and regulations) in respect of the Service Agreement, the Capital Injection and the transactions contemplated thereunder having been obtained;
- (iii) the approval by the directors and shareholders of Qujing Yangguang in respect of (i) the Service Agreement, the Capital Injection and the transactions contemplated thereunder; and (ii) amendments to the constitutional documents of Qujing Yangguang having been obtained;
- (iv) all necessary internal approvals of Qujing Yangguang (if applicable) in respect of the Service Agreement, the Capital Injection and the transactions contemplated thereunder having been obtained;
- (v) completion of the relevant industrial and commercial registration of change of shareholders of Qujing Yangguang; and
- (vi) Qujing Yangguang having obtained all necessary approvals (if applicable) in respect of the Service Agreement, the Capital Injection and the transactions contemplated thereunder from the relevant PRC regulatory authorities.

LETTER FROM THE BOARD

(i) Completion

Completion of the Capital Injection shall take place on the third Business Day after all of the conditions precedent have been fulfilled (or such other date as may be agreed between the parties to the Service Agreement).

(j) Transferability of New Shares

After completion, no shareholder of Qujing Yangguang may transfer any Qujing Shares to any person or entity (or its related party) which is engaged in a business that competes with the principal business of Qujing Yangguang without the prior written consent of Mr. Tan Wenhua.

The above restriction on transferability of Qujing Shares has been arrived at after arm's length negotiations between Qujing Yangguang and Guotai Junan (for and on behalf of the Investors). In determining whether to give written consent to the transfer of Qujing Shares to a transferee which is engaged in a business that competes with the principal business of Qujing Yangguang, Mr. Tan Wenhua shall consult and follow the decision made by the board of directors of Jinzhou Yangguang, and any written consent will be given by Mr. Tan Wenhua for and on behalf of the board of directors of Jinzhou Yangguang. By reason of the foregoing, the Board is of the view that the above restriction on transferability of Qujing Shares is fair and reasonable and in the interests of the Shareholders as a whole.

(k) Financial Target and Shareholding Adjustment

Qujing Yangguang, Jinzhou Yangguang, Mr. Tan Wenhua and Mr. Tan Xin warrant that the audited net profit of Qujing Yangguang (being the higher of (i) net profit before extraordinary items, which include without limitation (a) retained asset impairment provisions resulting from force majeure events such as natural disasters; (b) profit and loss from debt restructuring; (c) profit and loss from outward entrusted loan; and (d) impact on profit and loss due to one-off adjustment pursuant to the requirements under the applicable tax and accounting laws and regulations; and (ii) net profit after extraordinary items, which include without limitation (a) retained asset impairment provisions resulting from force majeure events such as natural disasters; (b) profit and loss from debt restructuring; (c) profit and loss from outward entrusted loan; and (d) impact on profit and loss due to one-off adjustment pursuant to the requirements under the applicable tax and accounting laws and regulations) for the three years ending 31 December 2022, 2023 and 2024 (“**Actual Profit**”) shall be not less than RMB300,000,000, RMB400,000,000 and RMB500,000,000 (the “**Target Profit**”), respectively (the “**Profit Guarantee**”).

The Profit Guarantee does not represent the anticipated level of future profit of Qujing Yangguang and does not constitute a profit forecast under Rule 14.61 of the Listing Rules.

LETTER FROM THE BOARD

In the event the Actual Profit is less than the Target Profit for any of the relevant years (“**Non-fulfilment of Target Profit**”), the price per Qujing Share in determining the Investors’ shareholding entitlement pursuant to the Capital Injection shall be adjusted as follows:

$$A = B \times (D \div C)$$

where,

A = adjusted price per Qujing Share

B = Issue price (before adjustment) per Qujing Share

C = Target Profit for the relevant year

D = Actual Profit for the relevant year

After adjustment of the price per Qujing Share based on the formula set out above, the Investors’ respective shareholdings in Qujing Yangguang acquired under the Capital Injection shall be adjusted accordingly, so that the number of Qujing Shares held by each Investor after adjustment will be equivalent to the consideration paid by the Investor divided by the adjusted price per Qujing Share (the “**Shareholding Adjustment**”).

In the event the Actual Profit for any of the three years ending 31 December 2022, 2023 and 2024 is equivalent to or exceeds the Target Profit, no Shareholding Adjustment or any clawback will be made for that relevant year (irrespective of whether Shareholding Adjustment had been made in respect of the previous year).

Any Shareholding Adjustment shall be effected by any of the following manners as such Investor may elect:

- (i) the issuance of Qujing Shares by Qujing Yangguang to such Investor at RMB1 as nominal consideration (or the lowest consideration permissible under the applicable law), such that after the issuance, the number of Qujing Shares held by such Investor will be equivalent to his/her/its adjusted shareholding;
- (ii) the transfer of Qujing Shares by corporate shareholders of Qujing Yangguang (including but not limited to Jinzhou Yangguang) to such Investor at RMB1 as nominal consideration (or the lowest consideration permissible under the applicable law), such that after the transfer, the number of Qujing Shares held by such Investor will be equivalent to his/her/its adjusted shareholding; or

LETTER FROM THE BOARD

- (iii) any other arrangements permissible under the applicable law. Currently, there are no other permissible arrangements for effecting the Shareholding Adjustment under the laws of the PRC.

Any Shareholding Adjustment shall only be made by issuance and/or transfer of Qijing Shares (“**Share Compensation**”) to the extent that it will not result in Jinzhou Yangguang’s shareholding interest in Qijing Yangguang falling below 31% and Qijing Yangguang ceasing to be a subsidiary of Jinzhou Yangguang under the applicable accounting standards (collectively, the “**Relevant Events**”). If the reduction of Jinzhou Yangguang’s shareholding interest in Qijing Yangguang as a result of any issuance and/or transfer of Qijing Shares could result in the occurrence of a Relevant Event, the Investors are entitled to claim for monetary compensation from Qijing Yangguang and/or Jinzhou Yangguang in respect of any shortfall in the Shareholding Adjustment (“**Monetary Compensation**”, together with Share Compensation, the “**Total Compensation Amount**”) or request Jinzhou Yangguang and Qijing Yangguang to effect such necessary arrangements acceptable to Jinzhou Yangguang, Qijing Yangguang and the Investors (including without limitation, entering into supplemental agreement to govern arrangements on voting rights, control over board composition, appointment of key management personnel and decision-making on material transactions of Qijing Yangguang) to ensure that a Relevant Event does not occur.

By reason of the foregoing, Qijing Yangguang will remain a subsidiary of the Company irrespective of any Shareholding Adjustment as provided above.

Qijing Yangguang and/or its corporate shareholders (including without limitation Jinzhou Yangguang) shall deliver Qijing Shares to effect the Shareholding Adjustment (as provided in (i) and (ii) above) and pay Monetary Compensation to the Investors (where applicable) within 35 days after the issuance of the audited financial report of Qijing Yangguang for the relevant year.

The obligations of Qijing Yangguang, its corporate shareholder (Jinzhou Yangguang) and Mr. Tan Wenhua and Mr. Tan Xin are joint and several. In the event Qijing Yangguang and/or Jinzhou Yangguang fail to settle the Share Compensation and/or Monetary Compensation in full, Mr. Tan Wenhua and Mr. Tan Xin shall also be liable to the Investors for the shortfall. As such, in substance, Mr. Tan Wenhua and Mr. Tan Xin act as personal guarantors to guarantee the due compliance of the obligations of Qijing Yangguang and its corporate shareholders (including but not limited to Jinzhou Yangguang) to effect the Shareholding Adjustment.

The maximum total amount of compensation (i.e. total value of Share Compensation plus Monetary Compensation) available to each of the Investors for each of the years ending 31 December 2022, 2023 and 2024 (the “**Maximum Compensation Amount**”) shall be determined based on the following formula (the “**Compensation Cap Formula**”):

$$P = C \times (1 + 10\%)^{(n/360)} - H$$

LETTER FROM THE BOARD

where,

- P = the maximum total amount of compensation available to each of the Investors
 C = amount of consideration paid by such Investor under the Capital Injection
 n = number of days between the date of payment of the consideration by an Investor and the date on which the Share Compensation and Monetary Compensation has been fully paid to such Investor
 H = the total value of any Share Compensation and Monetary Compensation previously received by such Investor pursuant to the Shareholding Adjustment for Non-Fulfilment of Target Profit

In this regard, based on the Compensation Cap Formula, in any event (even if Qujing Yangguang generates net loss for each of the years ending 31 December 2022, 2023 and 2024), the total maximum amount of compensation that is available to compensate the Investors for the three years ending 31 December 2024 in aggregate would be approximately RMB609 million (i.e. the total value of Share Compensation plus the amount of Monetary Compensation).

In the event Qujing Yangguang generates net loss for any of the three years ending 31 December 2024, the compensation amount available to the Investors for such year(s) will be determined based on the Compensation Cap Formula. For illustrative purpose, the following table sets out the year-by-year Total Compensation Amount assuming Qujing Yangguang generates net loss for each of the years ending 31 December 2022, 2023 and 2024 as determined based on the Compensation Cap Formula:

For the year ending 31 December	Investors	"C" (Capital injection amount) (RMB'000)	"n" ^(Note 1 and 4) (number of days)	Total Compensation Amount		
				$C \times (1+10\%)^n$ (n/360) (RMB'000)	H (Cumulative prior compensation) (RMB'000)	$C \times (1+10\%)^n$ (n/360) – H (RMB'000)
2022	First Investor	250,000	374 ^(Notes 2 and 3)	276,021	0	276,021
	Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	305 ^(Notes 2 and 3)	222,240	0	222,240
	Seventh Investor	5,000	292 ^(Notes 2 and 3)	5,402	0	5,402
	Sub-total			503,663	0	503,663
2023	First Investor	250,000	734 (374+360) ^(Notes 2 and 3)	303,623	276,021	27,602
	Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	665 (305+360) ^(Notes 2 and 3)	244,464	222,240	22,224
	Seventh Investor	5,000	652 (292+360) ^(Notes 2 and 3)	5,942	5,402	540
	Sub-total			554,029	503,663	50,366
2024	First Investor	250,000	1,094 (374+360+360) ^(Notes 2 and 3)	333,986	303,623 (276,021+27,602)	30,363
	Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	1,025 (305+360+360) ^(Notes 2 and 3)	268,911	244,464 (222,240+22,224)	24,447
	Seventh Investor	5,000	1,012 (292+360+360) ^(Notes 2 and 3)	6,536	5,942 (5,402+540)	594
	Sub-total			609,433	554,029	55,404
				Total Compensation Amount		609,433

LETTER FROM THE BOARD

Notes:

1. The maximum amount of compensation is calculated by taking the highest possible value of “n” (number of days between the date of payment of the consideration by an Investor and the date on which the Share Compensation and Monetary Compensation have been fully paid to such Investor). The highest possible value of “n” is determined based on the information and assumptions as set out in Notes 2 and 3 below.
2. The dates of payment of the consideration by the Investors under the relevant capital injection agreements are as follows:
 - (a) for the First Investor, as agreed between Qujing Yangguang and the First Investor, 27 April 2022 (being the date on which the First Investor subscribed for the Convertible Bonds at the principal amount of RMB250,000,000);
 - (b) for the Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor, and the Sixth Investor, 30 June 2022 (being the date of the Second Capital Injection Agreement, the Third Capital Injection Agreement, the Fourth Capital Injection Agreement, the Fifth Capital Injection Agreement and the Sixth Capital Injection Agreement); and
 - (c) for the Seventh Investor, for illustrative purpose, 18 July 2022 (being the date of the Seventh Capital Injection Agreement), respectively.
3. The date on which the Share Compensation and Monetary Compensation have been fully paid is assumed to be the last possible day under the terms of the Capital Injection, i.e. the 35th day after the issuance of the audited financial reports of Qujing Yangguang for each of the years ending 31 December 2022, 2023 and 2024 (assuming such audited financial reports would be issued on 31 March 2023, 2024 and 2025, respectively), i.e. 5 May 2023, 5 May 2024 and 5 May 2025, respectively.
4. For the purpose of the above calculation, it is assumed that a year has 360 days.

For illustrative purpose and in order to inform Shareholders of the risks of the Shareholding Adjustment on the Company, the Board has conducted the following analysis on the possible scenarios resulting from the Non-Fulfilment of Target Profit and Shareholding Adjustment, assuming that the Actual Profit of Qujing Yangguang for each of the three years ending 31 December 2024 is 50% of the Target Profit (i.e. RMB150,000,000, RMB200,000,000 and RMB250,000,000 for the three years ending 31 December 2024, respectively).

A. Scenario 1 — Assuming Investors have all elected that any Shareholding Adjustment be effected by issue of additional Qujing Shares

For the purpose of the following scenario analysis, it is assumed that (i) the Actual Profit of Qujing Yangguang for each of the three years ending 31 December 2024 is 50% of the Target Profit (i.e. RMB150,000,000, RMB200,000,000 and RMB250,000,000 for the three years ending 31 December 2024, respectively); and (ii) the Investors have all elected that Shareholding Adjustment be effected by the issue of additional Qujing Shares.

LETTER FROM THE BOARD

Based on the foregoing assumptions, the following table sets out the Total Compensation Amount for the three years ending 31 December 2024 (based on the total consideration amount under the Capital Injection of RMB460,000,000 and the formula as disclosed on page 13 of this circular):

For the year ending 31 December	Adjusted price per Qujing Share <small>(Note 1)</small> (RMB)	Share Compensation <small>(Note 2)</small> (RMB'000)	Monetary Compensation <small>(Note 2)</small> (RMB'000)	Total Compensation Amount <small>(Notes 2 and 3)</small> (RMB'000)
2022	8.695	229,984 ^(Note 4)	—	229,984 ^(Note 4)
2023	4.3475	205,736 ^(Note 5)	24,264 ^(Note 5)	230,000 ^(Note 5)
2024	2.17375	—	149,449 ^(Note 6)	149,449 ^(Note 6)
	Total	435,720	173,713	609,433

**Table 1: Total Compensation Amount for the three years ending 31 December 2024
(50% of Target Profit – Compensation by issuance of Qujing Shares)**

Notes:

1. (a) Based on (i) the issue price per Qujing Share (before adjustment) of RMB17.39, being the price at which the New Shares will be allotted to the Seven Investors; (ii) the assumption that the Actual Profit of Qujing Yangguang for the year ending 31 December 2022 is RMB150,000,000 (i.e. 50% of the Target Profit); and (iii) the formula as disclosed on page 13 of this circular, the adjusted price per Qujing Share for the year ending 31 December 2022 shall be RMB8.695 (RMB17.39 x RMB(150,000,000 ÷ 300,000,000)) (the “**2022 Adjusted Price**”).
- (b) Based on (i) the 2022 Adjusted Price of RMB8.695; (ii) the assumption that the Actual Profit of Qujing Yangguang for the year ending 31 December 2023 is RMB200,000,000 (i.e. 50% of the Target Profit); and (iii) the formula as disclosed on page 13 of this circular, the adjusted price per Qujing Share shall be RMB4.3475 (RMB8.695 x RMB(200,000,000 ÷ 400,000,000)) (the “**2023 Adjusted Price**”).
- (c) Based on (i) the 2023 Adjusted Price of RMB4.3475; (ii) the assumption that the Actual Profit of Qujing Yangguang for the year ending 31 December 2024 is RMB250,000,000 (i.e. 50% of the Target Profit); and (iii) the formula as disclosed on page 13 of this circular, the adjusted price per Qujing Share shall be RMB2.17375 (RMB4.3475 x RMB(250,000,000 ÷ 500,000,000)) (the “**2024 Adjusted Price**”).
2. Compensation for each year will be paid to all the Investors (i.e. the First Investor, the Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor, the Sixth Investor and the Seventh Investor, collectively, the “**Seven Investors**”) based on their respective payable consideration under their respective capital injection agreements in proportion to the total consideration amount of RMB460,000,000 of all the Seven

LETTER FROM THE BOARD

Investors under the Capital Injection. For details of the respective consideration amounts payable by the Seven Investors under the Capital Injection, please refer to the paragraph headed “2. UPDATE ON THE CAPITAL INJECTION — Issue price, number of New Shares placed and consideration” in this letter.

3. The compensation amount for each of the years ending 31 December 2022, 2023 and 2024 will be subject to the cap determined based on the Compensation Cap Formula. Please refer to Notes 4, 5 and 6 below for the detailed calculations of the compensation caps for each of the years ending 31 December 2022, 2023 and 2024.
4. Based on the total consideration amount of RMB460,000,000 payable by the Seven Investors under the Capital Injection and the 2022 Adjusted Price of RMB8.695, the aggregate adjusted shareholdings of the Seven Investors shall be 52,903,968 Qujing Shares (RMB460,000,000 ÷ RMB8.695). Based on the 26,453,866 Qujing Shares placed with the Seven Investors under the Capital Injection, the number of Qujing Shares required to be allotted to the Seven Investors to effect the Shareholding Adjustment for the year ending 31 December 2022 shall be 26,450,102 Qujing Shares (52,903,968 – 26,453,866) (the “2022 Allotment”).

The Total Compensation Amount for the year ending 31 December 2022, being the total value of the Qujing Shares allotted to the Seven Investors under the 2022 Allotment, is **RMB229,983,636.89** (26,450,102 Qujing Shares x RMB8.695 per Qujing Share), which does not exceed the 2022 Compensation Cap (Scenario 1) (as defined below) of RMB503,663,272.84 determined based on the Compensation Cap Formula.

The following table shows the calculation of the cap on the total amount of compensation available to the Seven Investors for Non-Fulfilment of Target Profit (assuming Actual Profit is 50% of the Target Profit) for the year ending 31 December 2022 (the “2022 Compensation Cap (Scenario 1)”):

Investors	Consideration amount under the Capital Injection (“C”) (RMB’000)	Number of days between payment of consideration and receiving compensation (“n”)	Cumulative prior compensation (“H”) (RMB’000)	Maximum Compensation Amount (C x (1 + 10%) [^] (n/360) – H) (RMB’000)
First Investor	250,000	374	—	276,021
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	305	—	222,240
Seventh Investor	5,000	292	—	5,402
		Total	—	503,663

LETTER FROM THE BOARD

For the avoidance of doubt, the 2022 Compensation Cap (Scenario 1) is calculated by taking the highest possible value of “n”, based on the following information and assumptions:

- (a) The dates of payment of the consideration by the Seven Investors under the relevant capital injection agreements are as follows:
 - (i) for the First Investor, as agreed between Qujing Yangguang and the First Investor, 27 April 2022 (being the date on which the First Investor subscribed for the Convertible Bonds at the principal amount of RMB250,000,000);
 - (ii) for the Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor, and the Sixth Investor, 30 June 2022 (being the date of the Second Capital Injection Agreement, the Third Capital Injection Agreement, the Fourth Capital Injection Agreement, the Fifth Capital Injection Agreement and the Sixth Capital Injection Agreement); and
 - (iii) for the Seventh Investor, for illustrative purpose, 18 July 2022 (being the date of the Seventh Capital Injection Agreement), respectively.
 - (b) The date on which the Share Compensation and Monetary Compensation have been fully paid is assumed to be the last possible day under the terms of the Capital Injection, i.e. the 35th day after the issuance of the audited financial report of Qujing Yangguang for the year, i.e. 5 May of the following year (assuming the audited financial report would be issued on 31 March of the year following the end of the financial year).
 - (c) For the purpose of the above calculation, it is assumed that a year has 360 days.
5. Based on the total consideration amount of RMB460,000,000 payable by the Seven Investors under the Capital Injection and the 2023 Adjusted Price of RMB4.3475, the aggregate adjusted shareholdings of the Seven Investors shall be 105,807,936 Qujing Shares. ($\text{RMB}460,000,000 \div \text{RMB}4.3475$). However, if additional Qujing Shares were allotted to bring the aggregate adjusted shareholdings of the Seven Investors to 105,807,936 Qujing Shares, the shareholding interest of Jinzhou Yangguang (a wholly-owned subsidiary of the Company) in Qujing Yangguang would be diluted to approximately 30.29%, i.e. below 31%. Pursuant to the terms of the Capital Injection, the maximum number of Qujing Shares that the Seven Investors may hold (in order to ensure that Jinzhou Yangguang’s shareholding interest in Qujing Yangguang remains at 31% or above) shall be 100,226,774 Qujing Shares. The shortfall of 5,581,162 Qujing Shares ($105,807,936 - 100,226,774$) (the “**2023 Shortfall Shares (Scenario 1)**”) would be compensated by way of monetary compensation.

Based on the 52,903,968 Qujing Shares held by the Seven Investors after the 2022 Allotment, the number of Qujing Shares required to be allotted to the Seven Investors to effect the Shareholding Adjustment for the year ending 31 December 2023 shall be 47,322,806 Qujing Shares ($100,226,774 - 52,903,968$) (the “**2023 Allotment**”).

LETTER FROM THE BOARD

The total value of the Qujing Shares allotted to the Seven Investors under the 2023 Allotment is **RMB205,735,899.09** (47,322,806 Qujing Shares x RMB4.3475 per Qujing Share); whereas, the monetary compensation for the year ending 31 December 2023 payable to the Seven Investors, being the total value of the 2023 Shortfall Shares (Scenario 1), shall be **RMB24,264,101.79** (5,581,162 Qujing Shares x RMB4.3475 per Qujing Share). The Total Compensation Amount for the year ending 31 December 2023, being the sum of the total value of the Share Compensation under the 2023 Allotment (**RMB205,735,899.09**) and the monetary compensation for the 2023 Shortfall Shares (Scenario 1) (**RMB24,264,101.79**), is **RMB230,000,000.88**, which does not exceed the 2023 Compensation Cap (Scenario 1) (as defined below) of RMB324,045,963.23 determined based on the Compensation Cap Formula.

The following table shows the calculation of the cap on the total amount of compensation available to the Seven Investors for Non-Fulfilment of Target Profit (assuming Actual Profit is 50% of the Target Profit) for the year ending 31 December 2023 (the “**2023 Compensation Cap (Scenario 1)**”):

Investors	Consideration amount under the Capital Injection ("C") (RMB'000)	Number of days between payment of consideration and receiving compensation ("n")	Cumulative prior compensation ("H") (RMB'000)	Maximum Compensation Amount (C x (1 + 10%)^ (n/360) - H) (RMB'000)
First Investor	250,000	734 (374 + 360)	124,991	178,632
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	665 (305 + 360)	102,493	141,971
Seventh Investor	5,000	652 (292 + 360)	2,500	3,442
Total			229,984	324,045

For the avoidance of doubt, (i) the 2023 Compensation Cap (Scenario 1) is calculated by taking the highest possible value of “n”, based on the same information and assumptions in determining the 2022 Compensation Cap (Scenario 1) as set out in Note 4 above; and (ii) cumulative prior compensation (“H”) above represents the Total Compensation Amount received by the Seven Investors for Non-fulfilment of Target Profit for the year ending 31 December 2022 (i.e. RMB229,983,636.89), the calculations of which are set out in Note 4 above.

LETTER FROM THE BOARD

6. Based on the total consideration amount of RMB460,000,000 payable by the Seven Investors under the Capital Injection and the 2024 Adjusted Price of RMB2.17375, the aggregate adjusted shareholdings of the Seven Investors shall be 211,615,871 Qujing Shares. (RMB460,000,000 ÷ RMB2.17375).

However, under the 2023 Allotment, Jinzhou Yangguang’s shareholding interest in Qujing Yangguang would be diluted to 31%. In order to ensure that Jinzhou Yangguang’s shareholding interest in Qujing Yangguang remains at 31% or above, no further Qujing Shares can be allotted to the Seven Investors. Based on the 100,226,774 Qujing Shares held by the Seven Investors after the 2023 Allotment, the number of Qujing Shares required to, but **cannot**, be allotted to the Seven Investors to effect the Shareholding Adjustment for the year ending 31 December 2024 is 111,389,097 (211,615,871 – 100,226,774) (the “**2024 Shortfall Shares (Scenario 1)**”).

The monetary compensation for the year ending 31 December 2024 payable to the Seven Investors, being the total value of the 2024 Shortfall Shares (Scenario 1), shall be RMB242,132,049.60 (111,389,097 Qujing Shares x RMB2.17375 per Qujing Share). However, RMB242,132,049.60 would exceed the 2024 Compensation Cap (Scenario 1) (as defined below) of RMB149,448,922.36 determined based on the Compensation Cap Formula. Therefore, the Total Compensation Amount for the year ending 31 December 2024, being the monetary compensation payable by Qujing Yangguang to the Seven Investors, is capped at, and shall be, **RMB149,448,922.36**.

The following table shows the calculation of the cap on the total amount of compensation available to the Seven Investors for Non-Fulfilment of Target Profit (assuming Actual Profit is 50% of the Target Profit) for the year ending 31 December 2024 (the “**2024 Compensation Cap (Scenario 1)**”):

Investors	Consideration amount under the Capital Injection (“C”) (RMB’000)	Number of days between payment of consideration and receiving compensation (“n”)	Cumulative compensation prior (“H”) (RMB’000)	Maximum Compensation Amount (C x (1 + 10%) ⁿ / 360) – H) (RMB’000)
First Investor	250,000	1,094 (374 + 360 + 360)	249,991	83,995
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	1,025 (305 + 360 + 360)	204,993	63,918
Seventh Investor	5,000	1,012 (292 + 360 + 360)	5,000	1,536
Total			459,984	149,449

LETTER FROM THE BOARD

For the avoidance of doubt, (i) the 2024 Compensation Cap (Scenario 1) is calculated by taking the highest possible value of “n”, based on the same information and assumptions in determining the 2022 Compensation Cap (Scenario 1) and the 2023 Compensation Cap (Scenario 1) as set out in Notes 4 and 5 above; and (ii) cumulative prior compensation (“H”) above represents the Total Compensation Amount received by the Seven Investors for Non-fulfilment of Target Profit for the years ending 31 December 2022 and 31 December 2023 in aggregate (i.e. $RMB(229,983,636.89 + 230,000,000.88) = RMB459,983,637.77$), the calculations of which are set out in Notes 4 and 5 above.

B. Scenario 2 — Assuming Investors have all elected that any Shareholding Adjustment be effected by the transfer of Qujing Shares from Jinzhou Yangguang

For the purpose of the following scenario analysis, it is assumed that (i) the Actual Profit of Qujing Yangguang for each of the three years ending 31 December 2024 is 50% of the Target Profit (i.e. RMB150,000,000, RMB200,000,000 and RMB250,000,000 for the three years ending 31 December 2024, respectively); and (ii) the Investors have all elected that Shareholding Adjustment be effected by the transfer of existing Qujing Shares.

Based on the foregoing assumptions, the following table sets out the Total Compensation Amount for the three years ending 31 December 2024 (based on the total consideration amount under the Capital Injection of RMB460,000,000 and the formula as disclosed on page 13 of this circular):

For the year ending 31 December	Adjusted price per Qujing Share <small>(Note 1)</small> <i>(RMB)</i>	Share Compensation <small>(Note 2)</small> <i>(RMB'000)</i>	Monetary Compensation <small>(Note 2)</small> <i>(RMB'000)</i>	Total Compensation Amount <small>(Notes 2 and 3)</small> <i>(RMB'000)</i>
2022	8.695	<u>198,851^(Note 4)</u>	<u>31,133^(Note 4)</u>	<u>229,984</u>
2023	4.3475	<u>—</u>	<u>245,566^(Note 5)</u>	<u>245,566</u>
2024	2.17375	<u>—</u>	<u>133,883^(Note 6)</u>	<u>133,883</u>
	Total	<u><u>198,851</u></u>	<u><u>410,582</u></u>	<u><u>609,433</u></u>

**Table 2: Total Compensation Amount for the three years ending 31 December 2024
(50% of Target Profit – Compensation by transfer of Qujing Shares)**

LETTER FROM THE BOARD

Notes:

1. For the calculations of the 2022 Adjusted Price, 2023 Adjusted Price and 2024 Adjusted Price, please refer to Note 1 of Table 1 in “Scenario 1 — Assuming Investors have all elected that any Shareholding Adjustment be effected by issue of additional Qijing Shares” above.
2. Compensation for each year will be paid to the Seven Investors based on their respective payable consideration under their respective capital injection agreements in proportion to the total consideration amount of RMB460,000,000 of all the Seven Investors under the Capital Injection. For details of the respective consideration amounts payable by the Seven Investors under the Capital Injection, please refer to the paragraph headed “2. UPDATE ON THE CAPITAL INJECTION — Issue price, number of New Shares placed and consideration” in this letter.
3. The compensation amount for each of the years ending 31 December 2022, 2023 and 2024 will be subject to the cap determined based on the Compensation Cap Formula. Please refer to Notes 4, 5 and 6 below for the detailed calculations of the compensation caps for each of the years ending 31 December 2022, 2023 and 2024.
4. Based on the total consideration amount of RMB460,000,000 payable by the Seven Investors under the Capital Injection and the 2022 Adjusted Price of RMB8.695, the aggregate adjusted shareholdings of the Seven Investors shall be 52,903,968 Qijing Shares ($\text{RMB}460,000,000 \div \text{RMB}8.695$). Based on the 26,453,866 Qijing Shares placed with the Seven Investors under the Capital Injection, the number of Qijing Shares required to be transferred to the Seven Investors to effect the Shareholding Adjustment for the year ending 31 December 2022 shall be 26,450,102 Qijing Shares ($52,903,968 - 26,453,866$).

However, given that pursuant to the terms of the Capital Injection, a transfer of Qijing Shares to effect the Shareholding Adjustment shall not result in Jinzhou Yangguang’s shareholding interest in Qijing Yangguang falling below 31%, the Shareholding Adjustment for the year ending 31 December 2022 cannot be fully effected by transfer of Qijing Shares from Jinzhou Yangguang to the Seven Investors. Accordingly, in order to ensure that Jinzhou Yangguang’s shareholding interest in Qijing Yangguang remains at 31% or above after transfer of Qijing Shares to the Seven Investors, Jinzhou Yangguang shall only transfer 22,869,602 Qijing Shares to the Seven Investors (the “**2022 Share Transfer**”). The shortfall of 3,580,500 Qijing Shares ($26,450,102 - 22,869,602$) (the “**2022 Shortfall Shares (Scenario 2)**”) would be compensated by way of monetary compensation.

Under the 2022 Share Transfer, Jinzhou Yangguang’s shareholding interest in Qijing Yangguang will be diluted from 45.00% (73,500,000 Qijing Shares) to 31.00% (50,630,398 Qijing Shares).

The total value of the Qijing Shares transferred to the Seven Investors under the 2022 Share Transfer is **RMB198,851,189.39** (22,869,602 Qijing Shares x RMB8.695 per Qijing Share); whereas, the monetary compensation for the year ending 31 December 2022 payable to the Seven Investors, being the total value of the 2022 Shortfall Shares (Scenario 2), shall be **RMB31,132,447.50** (3,580,500 Qijing Shares x RMB8.695 per Qijing Share). The Total Compensation Amount for the year ending 31 December 2022, being the sum of the total value of the Share Compensation under the 2022 Share Transfer (**RMB198,851,189.39**) and the monetary compensation for the 2022 Shortfall

LETTER FROM THE BOARD

Shares (Scenario 2) (RMB 31,132,447.50), is RMB229,983,636.89, which does not exceed the 2022 Compensation Cap (Scenario 2) (as defined below) of RMB503,663,272.84 determined based on the Compensation Cap Formula.

The following table shows the calculation of the cap on the total amount of compensation available to the Seven Investors for Non-Fulfilment of Target Profit (assuming Actual Profit is 50% of the Target Profit) for the year ending 31 December 2022 (the “2022 Compensation Cap (Scenario 2)”):

Investors	Consideration amount under the Capital Injection ("C") (RMB'000)	Number of days between payment of consideration and receiving compensation ("n")	Cumulative prior compensation ("H") (RMB'000)	Maximum Compensation Amount (C x (1+10%) ⁿ (n/360) - H) (RMB'000)
First Investor	250,000	374	—	276,021
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	305	—	222,240
Seventh Investor	5,000	292	—	5,402
Total			—	503,663

For the avoidance of doubt, the 2022 Compensation Cap (Scenario 2) is calculated by taking the highest possible value of “n”, based on the same information and assumptions in determining the 2022 Compensation Cap (Scenario 1) as set out in Note 4 to Table 1 above.

- Based on the total consideration amount of RMB460,000,000 payable by the Seven Investors under the Capital Injection and the 2023 Adjusted Price of RMB4.3475, the aggregate adjusted shareholdings of the Seven Investors shall be 105,807,936 Qujing Shares (RMB460,000,000 ÷ RMB4.3475).

However, under the 2022 Share Transfer, Jinzhou Yangguang’s shareholding interest in Qujing Yangguang would be diluted to 31%. In order to ensure that Jinzhou Yangguang’s shareholding interest in Qujing Yangguang remains at 31% or above, no further Qujing Shares can be transferred by Jinzhou Yangguang to the Seven Investors. Based on the 49,323,468 Qujing Shares (26,453,866 + 22,869,602) held by the Seven Investors after the 2022 Share Transfer, the number of Qujing Shares required to, but **cannot**, be transferred to the Seven Investors to effect the Shareholding Adjustment for the year ending 31 December 2023 is 56,484,468 (105,807,936 – 49,323,468) (the “**2023 Shortfall Shares (Scenario 2)**”).

The Total Compensation Amount for the year ending 31 December 2023, being the monetary compensation amount payable to the Seven Investors (i.e. the total value of the 2023 Shortfall Shares (Scenario 2)), shall be **RMB245,566,224.63** (56,484,468 Qujing Shares x RMB4.3475 per Qujing Share), which does not exceed the 2023 Compensation Cap (Scenario 2) (as defined below) of RMB324,045,963.23 determined based on the Compensation Cap Formula.

LETTER FROM THE BOARD

The following table shows the calculation of the cap on the total amount of compensation available to the Seven Investors for Non-Fulfilment of Target Profit (assuming Actual Profit is 50% of the Target Profit) for the year ending 31 December 2023 (the “**2023 Compensation Cap (Scenario 2)**”):

Investors	Consideration amount under the Capital Injection (“C”) (RMB’000)	Number of days between payment of consideration and receiving compensation (“n”)	Cumulative prior compensation (“H”) (RMB’000)	Maximum Compensation Amount $(C \times (1 + 10\%)^{\frac{n}{360}} - H)$ (RMB’000)
First Investor	250,000	734 (374 + 360)	124,991	178,632
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	665 (305 + 360)	102,493	141,971
Seventh Investor	5,000	652 (292 + 360)	2,500	3,442
Total			229,984	324,045

For the avoidance of doubt, (i) the 2023 Compensation Cap (Scenario 2) is calculated by taking the highest possible value of “n”, based on the same information and assumptions in determining the 2022 Compensation Cap (Scenario 2) as set out in Note 4 above; and (ii) cumulative prior compensation (“H”) above represents the Total Compensation Amount received by the Seven Investors for Non-fulfilment of Target Profit for the year ending 31 December 2022 (i.e. RMB229,983,636.89), the calculations of which are set out in Note 4 above.

6. Based on the total consideration amount of RMB460,000,000 payable by the Seven Investors under the Capital Injection and the 2023 Adjusted Price of RMB2.17375, the aggregate adjusted shareholdings of the Seven Investors shall be 211,615,871 Qujing Shares (RMB460,000,000 ÷ RMB2.17375).

However, under the 2022 Share Transfer, Jinzhou Yangguang’s shareholding interest in Qujing Yangguang would be diluted to 31%. In order to ensure that Jinzhou Yangguang’s shareholding interest in Qujing Yangguang remains at 31% or above, no further Qujing Shares can be transferred by Jinzhou Yangguang to the Seven Investors. Based on the 49,323,468 Qujing Shares held by the Seven Investors after the 2022 Share Transfer, the number of Qujing Shares required to, but **cannot**, be transferred to the Seven Investors to effect the Shareholding Adjustment for the year ending 31 December 2024 is 162,292,403 (211,615,871 – 49,323,468) (the “**2024 Shortfall Shares (Scenario 2)**”).

The monetary compensation for the year ending 31 December 2024 payable to the Seven Investors, being the total value of the 2024 Shortfall Shares (Scenario 2), shall be RMB352,783,111.02 (162,292,403 Qujing Shares x RMB2.17375 per Qujing Share). However, RMB352,783,111.02 would exceed the 2024 Compensation Cap (Scenario 2) (as defined below) of RMB133,882,698.61 determined based on the Compensation Cap Formula. Therefore, the Total Compensation Amount for the year ending 31 December 2024, being the monetary compensation payable by Qujing Yangguang to the Seven Investors, is capped at, and shall be, **RMB133,882,698.61**.

LETTER FROM THE BOARD

The following table shows the calculation of the cap on the total amount of compensation available to the Seven Investors for Non-Fulfilment of Target Profit (assuming Actual Profit is 50% of the Target Profit) for the year ending 31 December 2024 (the “**2024 Compensation Cap (Scenario 2)**”):

Investors	Consideration amount under the Capital Injection ("C") <i>(RMB'000)</i>	Number of days between payment of consideration and receiving compensation ("n")	Cumulative prior compensation ("H") <i>(RMB'000)</i>	Maximum Compensation Amount $(C \times (1 + 10\%)^{\frac{n}{360}} - H)$ <i>(RMB'000)</i>
First Investor	250,000	1,094 <i>(374 + 360 + 360)</i>	258,451	75,535
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	1,025 <i>(305 + 360 + 360)</i>	211,930	56,981
Seventh Investor	5,000	1,012 <i>(292 + 360 + 360)</i>	5,169	1,367
Total			<u>475,550</u>	<u>133,883</u>

For the avoidance of doubt, (i) the 2024 Compensation Cap (Scenario 2) is calculated by taking the highest possible value of “n”, based on the same information and assumptions in determining the 2022 Compensation Cap (Scenario 2) and the 2023 Compensation Cap (Scenario 2) as set out in Notes 4 and 5 above; and (ii) cumulative prior compensation (“H”) above represents the Total Compensation Amount received by the Seven Investors for Non-fulfilment of Target Profit for the years ending 31 December 2022 and 31 December 2023 in aggregate (i.e. $RMB(229,983,636.89 + 245,566,224.63) = RMB475,549,861.52$), the calculations of which are set out in Notes 4 and 5 above.

LETTER FROM THE BOARD

The Board considers the Profit Guarantee and the Shareholding Adjustment to be fair and reasonable for the following reasons:

- (a) The Board is of the view that the Target Profit for the years ending 31 December 2022, 2023 and 2024 is achievable, having considered the following factors:

(i) *Secured contracts*

It is expected that Qijing Yangguang and Jinzhou Youhua would sell an aggregate of approximately 519,020,000 pieces of monocrystalline silicon wafers for the second half of 2022 (second half of 2020: 7,121,000 pieces; second half of 2021: 316,627,000 pieces), representing an approximately 63.92% increase as compared to the sales volume of monocrystalline silicon wafers for the second half of 2021. Such increase in sales volume of monocrystalline silicon wafers is expected to have a significant impact in driving the revenue growth of Qijing Yangguang and Jinzhou Youhua in the second half of 2022.

In particular, among the total expected sales volume of 519,020,000 monocrystalline silicon wafers of Qijing Yangguang and Jinzhou Youhua for the second half of 2022, approximately 70% of the sales volume has already been secured by purchase orders with a total contract sum of not less than approximately RMB950,000,000 that had been placed with Qijing Yangguang or Jinzhou Youhua as at the Latest Practicable Date, whereas the remaining 30% of the expected sales volume is based on the Directors' estimate of the amount of purchases orders that will be placed with Qijing Yangguang and Jinzhou Youhua for the second half of 2022 with reference to the market demand, which is projected to increase in light of the market drivers as detailed in paragraph (v) below.

For the net profit before tax and net profit after tax of the Qijing Group for the five months ended 31 May 2022, please refer to the section headed "7. FINANCIAL INFORMATION ON QIJING GROUP" in this letter.

LETTER FROM THE BOARD

(ii) *Financial performance for the six months ending 30 June 2022 and seasonality*

Based on the preliminary review of the unaudited management accounts of Qijing Yangguang and Jinzhou Youhua and assessment of the information available as at the Latest Practicable Date, the revenue generated from the sales of monocrystalline silicon ingots and wafers ^(Note 1) of Qijing Yangguang and Jinzhou Youhua for the six months ended 30 June 2022 amounted to approximately RMB878,932,000; whereas, the operating profit (less other gains/(losses)) ^(Notes 1 and 2) of Qijing Yangguang and Jinzhou Youhua amounted to approximately RMB127,168,000, which represents approximately 42.39% of the Target Profit for the year ending 31 December 2022.

Notes:

1. The figures are based on the preliminary review of the unaudited management accounts of Qijing Yangguang and Jinzhou Youhua and assessment of the information available as at the Latest Practicable Date. As the Group is still in the process of finalising the unaudited consolidated results of the Group for the six months ended 30 June 2022, the figures are only a preliminary assessment by the Board based on the latest information available to the Group as at the Latest Practicable Date, and is not based on any data or information which is finalised or reviewed by the audit committee of the Company.
2. Operating profit (less other gains/(losses)) includes government subsidies, and interest income from bank deposits. Other gains/(losses) refers to gains/(losses) from changes in fair value, investment income and gains/(losses) from disposal of assets.

The Qijing Group normally experiences higher demand in sales of monocrystalline silicon ingots and wafers in the second half of the year, as, based on the historical performance of Qijing Yangguang and Jinzhou Youhua and the Directors' knowledge and experience of the PRC's photovoltaic industry, installation of photovoltaic systems in the PRC tend to increase and peak towards the fourth quarter of each year.

For the years ended 31 December 2020 and 2021, the net profit after tax of Qijing Yangguang for the second half of each year amounted to approximately 73.67% and 55.09% of Qijing Yangguang's total net profit after tax for the whole of each year, respectively.

LETTER FROM THE BOARD

For the years ended 31 December 2020 and 2021, the total revenue generated from the sales of monocrystalline silicon ingots and wafers of Qujing Yangguang and Jinzhou Youhua for the second half of each year amounted to approximately 50.88% and 60.34% of the total revenue generated from the sales of monocrystalline silicon ingots and wafers of Qujing Yangguang and Jinzhou Youhua for the whole of each year, respectively.

The following table sets out the total revenue generated from the sales of monocrystalline silicon ingots and wafers of Qujing Yangguang and Jinzhou Youhua for the two years ended 31 December 2021 (by quarter):

	Revenue (RMB'000)							
	For the three months ended							
	31 March 2020	30 June 2020	30 September 2020	31 December 2020	31 March 2021	30 June 2021	30 September 2021	31 December 2021
Qujing Yangguang	82,040	63,483	73,484	105,692	148,857	281,212	359,862	488,843
Jinzhou Youhua	166,234	154,722	149,261	154,760	151,320	154,153	126,494	143,932 ^(Note)
Total	248,274	218,205	222,745	260,452	300,177	435,365	486,356	632,775

Note: The revenue of Jinzhou Youhua for the three months ended 31 December 2021 was negatively impacted by the electricity rationing measures implemented by the government in Jinzhou City, Liaoning Province of the PRC.

Therefore, the revenue generated from the sales of monocrystalline silicon ingots and wafers and the operating profit (less other gains/(losses)) of Qujing Yangguang and Jinzhou Youhua for the second half of 2022 are expected to be considerably higher than the first half of 2022 in view of the secured contracts (as disclosed in paragraph (i) above), the typical seasonality patterns of higher amount of revenue generated from sales of monocrystalline silicon ingots and wafers in the second half of the year (as disclosed in this paragraph (ii) above), and the expanding production capacity (as disclosed in paragraph (iii) below).

(iii) Expanding production capacity

The Qujing Group has continued to expand its production capacity of monocrystalline silicon ingots and wafers by acquiring and setting up production facilities and equipment. In the six months ended 30 June 2022, Qujing Yangguang has acquired and set up over 40 monocrystalline furnace facilities; whereas, for the six months ending 31 December 2022, Qujing Yangguang plans to acquire and set up over 90 monocrystalline furnace facilities. Furthermore, the Qujing Group has purchased over 25 wafer slicing machines, which are expected to be delivered and be ready for use in the six months ending 31 December 2022.

LETTER FROM THE BOARD

The continuing expansion of production capacity (including the use of approximately RMB80,000,000 proceeds from the Capital Injection for acquisition of fixed assets for enhancing the production capacity of the Qujing Group) and reduction in production costs of monocrystalline silicon ingots and wafers of the Qujing Group (in particular, in respect of the monocrystalline silicon ingot pulling and wafer slicing processes) would support the Qujing Group's revenue growth by enabling it to capture the expected growth in global mid and long-term demand of photovoltaic products.

(iv) Government subsidies

For the years ended 31 December 2020 and 2021, Qujing Yangguang received an aggregate amount of approximately RMB13,730,000 and RMB22,151,600 in government subsidies, which contributed to approximately 29.70% and 10.11% of the net profit after tax of Qujing Yangguang for the years ended 31 December 2020 and 2021, respectively. For the years ending 31 December 2022, 2023 and 2024, Qujing Yangguang has received and is expected to receive an aggregate amount of approximately RMB45,287,000, RMB57,760,000 and RMB58,780,000 in government subsidies, respectively. The aforementioned government subsidies relate to, among other things, projects, electricity charges, production plants, tax refund granted pursuant to notices issued by the relevant government authorities, including but not limited to the Department of Finance of the National Qujing Economic and Technological Development Area (曲靖經濟技術開發區財政局).

In respect of the government subsidies that Qujing Yangguang has received and is expected to receive for the years ending 31 December 2022, 2023 and 2024, the following table sets out the government subsidies which have been granted to and (i) received by Qujing Yangguang as at the Latest Practicable Date; and (ii) to be received by Qujing Yangguang, respectively:

Government subsidies —	For the year ending 31 December		
	2022	2023	2024
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Received by Qujing Yangguang as at the Latest Practicable Date ^(Note)	34,910	24,560	24,560
To be received by Qujing Yangguang	10,377	33,200	34,220
Total	45,287	57,760	58,780

LETTER FROM THE BOARD

Note: The government subsidies granted to and received by Qujing Yangguang consist of mostly project subsidies paid in lump sums. As the government subsidies relate to both incurred expenses and expenses to be incurred, the subsidies in relation to expenses which are expected to be incurred in 2023 and 2024 will be recognised as deferred income.

The aforesaid government subsidies are expected to have a positive impact on the profit of Qujing Yangguang for the three years ending 31 December 2024.

(v) *Market drivers*

- (1) In response to global warming and climate change, many countries announced carbon neutrality commitments and targets, which shows that lowering carbon emissions has become a global trend. Under the general trend of the net-zero emissions transition, solar energy has become one of the most important renewable energy sources to achieve carbon neutrality goals. Global demand and investment in solar energy are estimated to rise continuously. As such it is expected the customer demand (especially from solar cell manufacturers) for monocrystalline silicon wafers will also continue to be on an upward trend.
- (2) The COVID-19 pandemic-related control measures imposed in Jiangsu and Shanghai in 2022 are expected to have a limited impact on the production costs of Qujing Yangguang, and are expected to be gradually eased. With global vaccination rates increasing, countries around the world are gradually easing their border controls and resuming economic activities. As noted in the World Bank's Global Economic Prospects report, global economic growth turned from negative to positive in 2021, and sustained recovery led to growth in energy demand. Such upward trend of energy demand is expected to continue.
- (3) Consistent with the global trend, the "Opinions on Policies and Measures to Improve the Mechanism for a Green-oriented Transition of Energy" jointly released by the National Development and Reform Commission and the National Energy Administration of the PRC in January 2022 proposes the promotion of the application of building-integrated photovoltaics and the acceleration of the construction of photovoltaic power generation bases and the innovation and upgrading of intelligent photovoltaics, reflecting the support of the photovoltaic industry from the PRC government policies.

LETTER FROM THE BOARD

- (4) In light of the high demand and tight supply for monocrystalline silicon wafers in the PRC, the Board is confident that, with an increased production capacity, Qujing Yangguang will be able to seize the opportunity to increase its product sales in the near future.
- (b) The compensation of the Investors by way of Share Compensation would save Qujing Yangguang's cash expenditure and would negate the need for any cash outflow of Qujing Yangguang.
- (c) In substance, Jinzhou Yangguang acts as corporate guarantor to guarantee the due compliance of Qujing Yangguang's obligation to effect the Shareholding Adjustment; whereas, each of Mr. Tan Wenhua and Mr. Tan Xin act as personal guarantor to guarantee the due compliance of the obligations of Qujing Yangguang and its corporate shareholders (including but not limited to Jinzhou Yangguang) to effect the Shareholding Adjustment. Furthermore, the availability of Monetary Compensation as a settlement mechanism ensures that Qujing Yangguang will remain as a subsidiary of the Company irrespective of any Shareholding Adjustment.
- (d) The Board considers that Mr. Tan Wenhua and Mr. Tan Xin, as high net-worth individuals, have sufficient financial ability to settle the monetary compensation (if required), on the basis that (i) neither of them has any significant debts and liabilities; (ii) both of them have sufficient cash deposit and hold valuable assets (such as properties), the proceeds from the sale of which can be utilised for monetary compensation; (iii) Mr. Tan Wenhua is interested in 712,244,751 Shares, representing approximately 21.43% of the issued Shares of the Company as at the Latest Practicable Date; and (iv) none of their substantial assets (including but not limited to their respective interests in Shares) are subject to existing charges or encumbrances. If necessary, Mr. Tan Wenhua and Mr. Tan Xin may pledge their aforesaid assets and interests in Shares and seek debt financing for the monetary compensation. Therefore, the Board is of the view that the risk of Mr. Tan Wenhua and Mr. Tan Xin failing to fully settle any monetary compensation payable to Investors (if required) is low.
- (e) Having considered (i) the Maximum Compensation Amount represents the consideration paid by an Investor under the Capital Injection multiplied by the expected annual rate of return of 10%, which was agreed between Qujing Yangguang and Guotai Junan (for and on behalf of the Investors) after arm's length negotiations; and (ii) the said Maximum Compensation Amount has the effect of restricting the Group's liability exposure under the Capital Injection, the Directors are of the view that setting the Maximum Compensation Amount available to each Investor is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(1) Share Repurchase

In the event of the occurrence of any of the following events, an Investor shall have the right to require Qujing Yangguang, or Mr. Tan Wenhua or Mr. Tan Xin (or a third party designated by Mr. Tan Wenhua or Mr. Tan Xin) to purchase the Qujing Shares placed to such Investor under the Capital Injection:

- (a) (i) there has been unauthorised change of principal business of the Qujing Group; (ii) the necessary approval(s) for the continuation of the principal business of any member of the Qujing Group has been revoked or not renewed; or (iii) the principal business of any member of the Qujing Group is prohibited under applicable laws and regulations or subject to material restrictions;
- (b) any of Qujing Yangguang, Jinzhou Yangguang, Mr. Tan Wenhua and Mr. Tan Xin (where applicable) commits a material breach of the Capital Injection Agreement or any other relevant agreements in relation to the Capital Injection; and where such material breach is capable of being remedied but no remedial action has been taken within 10 Business Days after an Investor issues written notice requiring remedial action;
- (c) (i) there has been material non-compliance of PRC law on the part of Mr. Tan Wenhua, Mr. Tan Xin or any member of the Qujing Group in the operation of its business; or (ii) any of Mr. Tan Wenhua or Mr. Tan Xin, as a result of a member of the Qujing Group or his own suspected illegal conduct, is subject to restrictions of personal freedom by public security authorities and other governmental department which cause him to be unable to work for Qujing Yangguang for over 30 days; or
- (d) any other shareholders of Qujing Yangguang request that Qujing Yangguang or Mr. Tan Wenhua or Mr. Tan Xin purchase their Qujing Shares. As at the Latest Practicable Date, such other shareholders of Qujing Yangguang did not have any right to request Qujing Yangguang or Mr. Tan Wenhua or Mr. Tan Xin to purchase their Qujing Shares.

Notwithstanding the foregoing, any Investor may exercise the right to require Qujing Yangguang, or Mr. Tan Wenhua or Mr. Tan Xin (or a third party designated by Mr. Tan Wenhua or Mr. Tan Xin) to purchase the Qujing Shares placed to such Investor under the Capital Injection on or after 31 December 2025 (whether or not any of the events (a) to (d) above had occurred) by serving a written notice to Qujing Yangguang of its intention to exercise such right.

In the event Qujing Yangguang is required by an Investor to repurchase the Qujing Shares placed to such Investor under the Capital Injection, the Company shall comply with the relevant requirements under the Listing Rules and seek shareholders' approval after such repurchase right is triggered. If the Company or Qujing Yangguang fails to obtain approval from its respective shareholders for

LETTER FROM THE BOARD

repurchasing such Investor's Qujing Shares, Mr. Tan Wenhua and/or Mr. Tan Xin shall indemnify such Investor for any losses resulting therefrom and pay a compensatory amount equivalent to the repurchase price to such Investor.

The repurchase price of Qujing Shares to be paid by Qujing Yangguang, or Mr. Tan Wenhua or Mr. Tan Xin (or a third party designated by Mr. Tan Wenhua or Mr. Tan Xin) shall be determined based on the following formula:

$$R = C \times (1 + 10\%)^{(n/360)} - H$$

where,

R = repurchase price

C = amount of consideration paid by an Investor under the Capital Injection

n = number of days between the date of payment of the consideration by an Investor and the date on which the repurchase price has been fully paid to such Investor

H = the sum of (i) any dividends which have already been paid to an Investor; and (ii) the total amount of compensation received by such Investor pursuant to the Shareholding Adjustment for Non-Fulfilment of Target Profit

For the avoidance of doubt, if (a) Qujing Yangguang generates a net loss for each of the three years ending 31 December 2025 and the Investors are entitled to a total compensation amount of approximately RMB609 million as a result (as disclosed on page 15 of this circular); and (b) an Investor exercises the right to require repurchase of its Qujing Shares on the same date it receives the compensation in full, the repurchase price shall be nil.

Term of the Service Agreement

Six (6) months commencing from the date of the Service Agreement and ending on 28 October 2022. The term of the Service Agreement may be extended for a further term to be mutually agreed between Qujing Yangguang and Guotai Junan.

Force majeure

Upon the occurrence of a force majeure event (including but not limited to fire, flood, hurricane, earthquake or other natural disasters, riot, war, terrorist activity or civil war) which makes it impracticable for either party to fulfil its obligations under the Service Agreement, such party may terminate the Service Agreement without any liability to the other party, by notice in writing given to the other party.

LETTER FROM THE BOARD

2. UPDATE ON THE CAPITAL INJECTION

As at the Latest Practicable Date, seven Investors who are Independent Third Parties, namely the First Investor, the Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor, the Sixth Investor and the Seventh Investor (the “Seven Investors”) (details of which are set out in the section headed “6. INFORMATION ON THE INVESTORS” below in this letter), have each entered into a Capital Injection Agreement with Qijing Yangguang, Jinzhou Yangguang and the remaining shareholders of Qijing Yangguang in respect of the issue of a total of 26,453,866 Qijing Shares at a total consideration of RMB460,000,000. In addition to Qijing Yangguang, Jinzhou Yangguang and the remaining shareholders of Qijing Yangguang, Mr. Tan Wenhua and Mr. Tan Xin were also parties to the First Capital Injection Agreement.

Issue price, number of New Shares placed and consideration

The issue price per New Share, number of New Shares placed to and the consideration payable by each of the Seven Investors are set out in the following table:

Investor	Issue price per New Share (RMB)	Number of New Shares placed	Subscription of New Shares (RMB)	Increase of capital reserves (RMB)	Consideration (RMB)
First Investor	17.39	14,377,101	14,377,101	235,622,899	250,000,000
Second Investor	17.39	8,626,261	8,626,261	141,373,739	150,000,000
Third Investor	17.39	1,725,252	1,725,252	28,274,748	30,000,000
Fourth Investor	17.39	805,118	805,118	13,194,882	14,000,000
Fifth Investor	17.39	345,050	345,050	5,654,950	6,000,000
Sixth Investor	17.39	287,542	287,542	4,712,458	5,000,000
Seventh Investor	17.39	287,542	287,542	4,712,458	5,000,000
Total	—	26,453,866	26,453,866	433,546,134	460,000,000

Payment terms

The Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor, the Sixth Investor and the Seventh Investor have agreed to the payment terms of the consideration as set out in the paragraph headed “1. SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (e) Capital Injection Agreement and payment of consideration” above in this letter. Furthermore, as at the Latest Practicable Date, each of the Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor and the Sixth Investor has paid the consideration amount under their respective capital injection agreements in advance of the completion of the Capital Injection.

LETTER FROM THE BOARD

Pursuant to the First Capital Injection Agreement, the First Investor shall pay the consideration of RMB250,000,000 on a date falling after the date of completion of the First Capital Injection Agreement as the First Investor may consider appropriate (but in any event not later than the accounting reference date by reference to which Qijing Yangguang's audited financial statements are to be prepared for any proposed listing of Qijing Yangguang on a stock exchange acceptable to the Investors), provided that Qijing Yangguang has fully redeemed the Convertible Bonds (with interest, where applicable and if any) previously issued to the First Investor on 27 April 2022.

The commercial rationales behind the redemption of the Convertible Bonds by Qijing Yangguang followed by completion of the First Capital Injection Agreement with the First Investor are as follows:

- (a) The Convertible Bonds were issued to the First Investor at the principal amount of RMB250,000,000 in order to raise the funds in a timely manner necessary for the Qijing Group to establish a new monocrystalline furnace and increase its general working capital. The conversion price of the Convertible Bonds was determined based on the price-to-earnings multiple of 15, whereas the minimum issue price per New Share for the Capital Injection is determined based on price-to-earnings multiple of 10. The Board considers such difference between the price-to-earnings multiples to be fair and reasonable as the price-to-earnings multiple of 10 represents the current fair value of the Qijing Group whereas the price-to-earnings multiple of 15 represents the time value of the conversion right attaching to the Convertible Bonds. The time value of the conversion right attaching to the Convertible Bonds represents the additional amount the First Investor is willing to pay because of the possibility that the First Investor's option to exercise the conversion rights under the Convertible Bonds may increase in value before the maturity date (which is three years from the date of issuance of the Convertible Bonds).
- (b) The issue price per New Share under the First Capital Injection Agreement is approximately RMB17.39 (representing an approximately 2.60% premium above the minimum issue price per New Share based on the price-to-earnings multiple of 10), to ensure the pricing basis is in alignment with that applicable to other Investors. In short, this is to ensure that all the Investors will subscribe for the Qijing Shares on equal pricing basis.
- (c) The board of directors of Qijing Yangguang and the Board consider that the First Investor's participation in the Capital Injection following redemption of the Convertible Bonds will enable Qijing Group to collaborate with the First Investor on a long-term basis, hence bringing synergic benefits to the Qijing Group which include without limitation, the following: (i) the First Investor has experience in making investments in leading businesses, and has a good understanding, of the photovoltaic industry in the PRC; (ii) the Qijing Group can leverage on the First Investor's experience and knowledge

LETTER FROM THE BOARD

in financial management, financing and risk management; and (iii) the Qujing Group is able to tap into the First Investor's extensive network and further create new business network and opportunities.

- (d) The First Investor can introduce other investor(s) to participate in the Capital Injection given its extensive network.
- (e) Under the Subscription Agreement, the First Investor has the right to demand early redemption of the Convertible Bonds at any time before the maturity date. If Qujing Yangguang had insisted on using the price-to-earnings multiple of 15 as the basis for determining the issue price under the First Capital Injection Agreement, it is expected that there might be a slim chance that Qujing Yangguang could reach an agreement with the First Investor for the Capital Injection. Consequently, the First Investor may demand early redemption of the Convertible Bonds which will result in cash outflow of the Group and the Qujing Group would miss out on the synergic benefits of the potential collaboration with the First Investor as mentioned in paragraph (c) above.
- (f) Under the Subscription Agreement, where the outstanding Convertible Bonds are redeemed on such date earlier than the maturity date as agreed between Qujing Yangguang and the First Investor, provided that such redemption date is on or before 31 December 2022, no interest shall be payable by Qujing Yangguang. The First Investor shall then use the redemption proceeds to pay for the capital contribution under the First Capital Injection Agreement. As agreed between Qujing Yangguang and the First Investor, provided that the Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder are approved by the Shareholders at the EGM, the outstanding Convertible Bonds will be redeemed by Qujing Yangguang on or before 31 December 2022. Therefore, pursuant to the aforesaid arrangement, no interest shall be payable by Qujing Yangguang upon redemption of the Convertible Bonds.

In view of the above, the Board considers the arrangement of redemption of the Convertible Bonds and the terms of the First Capital Injection Agreement to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Conditions precedent and completion

The Second Capital Injection Agreement, the Third Capital Injection Agreement, the Fourth Capital Injection Agreement, the Fifth Capital Injection Agreement, the Sixth Capital Injection Agreement and the Seventh Capital Injection Agreement are subject to satisfaction of the conditions precedent set out in the paragraph headed "1. SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection —

LETTER FROM THE BOARD

(h) Conditions precedent” above in this letter, and completion shall take place on the third Business Day after all conditions precedent have been fulfilled (or such other date as the parties thereto may agree) above.

In addition to the conditions precedent set out in the paragraph headed “1. SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (h) Conditions precedent” above in this letter, completion of the First Capital Injection Agreement shall be condition upon:

- (a) the First Capital Injection Agreement, the Shareholders’ Agreement, the constitution of Qujing Yangguang and all other transaction documents in relation to the capital injection under the First Capital Injection Agreement (collectively, the “**Transaction Documents**”) having been duly executed and delivered by all relevant parties;
- (b) the existing shareholders of Qujing Yangguang having waived their pre-emptive rights to subscribe for new registered capital of Qujing Yangguang (if any);
- (c) all necessary authorisations, approvals, filings and third party consent (including but not limited to the approval by the Board and the Shareholders of the Company) in relation to the Capital Injection having been obtained and remaining effective as at completion of the First Capital Injection Agreement;
- (d) the other Investors participating in the Capital Injection having paid the consideration in full in accordance with the respective Capital Injection Agreements which it is a party to, and such Investors and the First Investor having been registered as the shareholders of Qujing Yangguang, and such Investors having entered into the Shareholders’ Agreement or the relevant adherence agreement, pursuant to which such Investor shall be bound by the terms of the Shareholders’ Agreement;
- (e) the person jointly nominated by the First Investor and the Second Investor to be a director of Qujing Yangguang having been appointed at its shareholders’ meeting, and the resolutions thereon and other relevant documents are to the satisfaction of the First Investor, and such appointment having been registered with the relevant authority;
- (f) each of the representations and warranties made by Qujing Yangguang, Jinzhou Yangguang, Mr. Tan Wenhua and Mr. Tan Xin being true, accurate and not misleading as at the date of the First Capital Injection Agreement and as at the date of completion of the First Capital Injection Agreement; and Qujing Yangguang, Jinzhou Yangguang, Mr. Tan Wenhua and Mr. Tan Xin having performed and complied with all their obligations and undertakings under the relevant Transaction Documents which ought to be performed or complied with on or before the date of completion of the First Capital Injection Agreement;

LETTER FROM THE BOARD

- (g) as at the date of completion of the First Capital Injection Agreement, nothing has occurred or may occur which has a Material Adverse Effect on the financial condition, operating results, assets, business or regulatory status of the Qujing Group, Qujing Yangguang, Jinzhou Yangguang, Mr. Tan Wenhua, Mr. Tan Xin;
- (h) as at the date of completion of the First Capital Injection Agreement, no government authority has issued, published, promulgated, implemented or passed any laws or government order which may cause the transaction under the First Capital Injection Agreement to be unlawful or may otherwise restrict or prohibit the capital injection under the First Capital Injection Agreement; and
- (i) as at the date of completion of the First Capital Injection Agreement, there has not been any actual or potential Claim against the Qujing Group or its business intended to restrict the transactions contemplated under the relevant Transaction Documents, or to alter the terms of such transactions in a material manner, or causes such transactions incapable of being contemplated, or potentially having a Material Adverse Effect on the Qujing Group or its business.

Completion of the First Capital Injection Agreement shall take place on the day when all of the conditions precedent have been fulfilled (or such other date as may be agreed between the parties to the First Capital Injection Agreement).

Share repurchase right of the First Investor under the First Capital Injection Agreement

Pursuant to the First Capital Injection Agreement, at any time before the First Investor has paid the relevant consideration thereunder, the First Investor shall have the right to request Jinzhou Yangguang to purchase all the New Shares that the First Investor had subscribed for but have not been paid up (the “**First Investor’s Non-paid Shares**”) at RMB1 nominal consideration (or the lowest consideration permissible under the applicable law) (the “**First Investor’s Repurchase Option**”). If Jinzhou Yangguang has failed to perform its obligations to purchase the First Investor’s Non-paid Shares at the First Investor’s request, Jinzhou Yangguang shall pay compensation to the First Investor, the amount of which would be equivalent to the consideration payable under the First Capital Injection Agreement.

If any of Qujing Yangguang, its other shareholders or creditors or any other third parties requests the First Investor to perform its obligation under the First Capital Injection Agreement by paying the capital injection amount payable thereunder (being RMB250,000,000) to Qujing Yangguang, the First Investor shall have the right to request Jinzhou Yangguang to pay the aforesaid capital injection amount and keep the First Investor indemnified against any loss resulting from such payment request. In any event, in respect of (i) any amount payable to the First Investor for indemnifying such loss; (ii) the Total Compensation Amount payable to the First Investor for Non-fulfilment of Target Profit; and (iii) the repurchase price payable to the First

LETTER FROM THE BOARD

Investor upon its exercise of the Repurchase Option, the total sum of (i), (ii) and (iii) payable by Qujing Yangguang and/or Jinzhou Yangguang shall not exceed the maximum amount as determined by the following formula:

$$P = C \times (1 + 10\%)^{(n/360)} - H$$

where,

P = the maximum total sum of (i), (ii) and (iii) payable by Qujing Yangguang and/or Jinzhou Yangguang

C = amount of consideration payable to the First Investor under the Capital Injection

n = number of days between 27 April 2022, being the date on which the First Investor subscribed for the Convertible Bonds with a principal amount of RMB250,000,000, and the date on which all amounts payable by Qujing Yangguang and/or Jinzhou Yangguang under (i), (ii) and (iii) above have been fully paid to the First Investor

H = the total value of any of (i), (ii) and (iii) previously received by the First Investor received from Qujing Yangguang and/or Jinzhou Yangguang

The above does not include any costs, expenses, fees and/or expenditures reasonably incurred by the First Investor from bringing or settling any claim or bringing any legal proceedings in connection with (i), (ii) and/or (iii) above.

Shareholders' Agreement

It is agreed that the Investors will enter into a Shareholders' Agreement upon completion of the Capital Injection, which contains, among other things, the following terms:

- (a) the transferability restriction of New Shares as set out in the paragraph headed "1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (j) Transferability of New Shares" above in this letter;
- (b) the terms of the Profit Guarantee (including the supplemental agreement) as set out in the paragraph headed "1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (k) Financial Target and Shareholding Adjustment" above in this letter;
- (c) the share repurchase mechanism as set out in the paragraph headed "1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (l) Share Repurchase" above in this letter; and

LETTER FROM THE BOARD

- (d) the First Investor and the Second Investor may jointly nominate one person as a director of Qujing Yangguang, and all shareholders of Qujing Yangguang shall take all necessary action (including voting in favour of, approving and executing the relevant shareholders' resolution(s)) to effect the appointment of such person as a director of Qujing Yangguang (the "**Nomination Right**"). Once appointed, such person shall not be replaced without the prior written consent of the First Investor and the Second Investor. The current board of directors of Qujing Yangguang consists of seven directors, of which four directors are from Qujing Yangguang's management and three directors are nominated by Jinzhou Yangguang. The board of directors of Qujing Yangguang shall consist of not more than nine directors. The parties agree to change the composition of the board of directors of Qujing Yangguang after completion of the Capital Injection as follows: five directors from Qujing Yangguang's management, three directors to be nominated by Jinzhou Yangguang, and one director to be jointly nominated by the First Investor and the Second Investor. Having consulted and discussed with the auditors of the Company, it is expected that under the applicable accounting standards, Qujing Yangguang will remain a subsidiary of the Company upon completion of the Capital Injection irrespective of the change of board composition of Qujing Yangguang as disclosed above, on the basis that all of the four existing directors and the one additional director from Qujing Yangguang's management were and will be nominated by Jinzhou Yangguang, respectively, and are also key management personnel of the Group.

In respect of the share repurchase mechanism under the Shareholders' Agreement (as referred to in paragraph (c) above), the arrangement by which Mr. Tan Wenhua and/or Mr. Tan Xin purchase Qujing Shares from an Investor at such Investor's request does not constitute a connected transaction for the Company under Rule 14A.23 of the Listing Rules since Mr. Tan Wenhua and Mr. Tan Xin would receive no direct benefit that is not available to other shareholders of the Company, on the following grounds:

- (a) Based on the understanding between the parties to the Shareholders' Agreement, if a triggering event under the share repurchase mechanism as set out in paragraph headed "1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (l) Share Repurchase" above in this letter ("**Repurchase Event**") occurs, Investors will first request Qujing Yangguang to repurchase their Qujing Shares, failing which the Investors will then request Mr. Tan Wenhua and/or Mr. Tan Xin to purchase their Qujing Shares.
- (b) The arrangement imposes an obligation on Mr. Tan Wenhua and Mr. Tan Xin to purchase the Qujing Shares at their own costs. In substance, Mr. Tan Wenhua and Mr. Tan Xin act as guarantors to guarantee the due compliance with the repurchase obligation of Qujing Yangguang, failing which Mr. Tan Wenhua and/or Mr. Tan Xin shall indemnify the Investors by purchasing

LETTER FROM THE BOARD

their Qujing Shares. By agreeing to indemnify the Investors, Mr. Tan Wenhua (as chairman of the Board, an executive Director and a substantial shareholder of the Company) and Mr. Tan Xin (an executive Director) have each provided considerable support to the Group for the purpose of the Capital Injection and achieving the benefits to the Group as set out in the section headed “9. REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION” below in this letter.

- (c) On 26 July 2022, both Mr. Tan Wenhua and Mr. Tan Xin have entered into the Undertaking, pursuant to which, among other things, Mr. Tan Wenhua and Mr. Tan Xin have undertaken in favour of Jinzhou Yangguang to, within 30 days after purchasing Qujing Shares from the Investors at such Investors’ request (provided that a Repurchase Event has occurred), transfer such Qujing Shares to Jinzhou Yangguang at the same consideration paid by Mr. Tan Wenhua and/or Mr. Tan Xin. Hence, upon completion of such transfer, neither Mr. Tan Wenhua nor Mr. Tan Xin would have any direct shareholdings in Qujing Yangguang. The rationale behind such arrangement is to have Mr. Tan Wenhua and Mr. Tan Xin providing support to the Group for the purpose of the Capital Injection while neither Mr. Tan Wenhua nor Mr. Tan Xin will have any benefits in the Capital Injection that are not available to other Shareholders.

As Mr. Tan Wenhua (chairman of the Board, an executive Director and a substantial shareholder of the Company) and Mr. Tan Xin (an executive Director) are connected persons of the Company, the aforesaid transfer of Qujing Shares by Mr. Tan Wenhua and/or Mr. Tan Xin to Jinzhou Yangguang would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules if and when Mr. Tan Wenhua and/or Mr. Tan Xin transfers Qujing Shares to Jinzhou Yangguang pursuant to the Undertaking.

Mr. Tan Wenhua and Mr. Tan Xin have confirmed that they will finance the purchase of the Qujing Shares from Investors as aforesaid via various sources of funds, which include without limitation cash deposit, proceeds from realising valuable assets (such as properties), debt financing, and pledging Mr. Tan Wenhua’s Shares in the Company as collateral, the details of which are set out in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (k) Financial Target and Shareholding Adjustment” above in this letter.

LETTER FROM THE BOARD

The Board is of the view that the Nomination Right is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the following reasons:

- (a) To the best of the Directors' knowledge, information and belief having made reasonable enquiries, the candidate to be nominated by the First Investor and the Second Investor has extensive experience and network in private equity investment and debt capital markets in Asia and the United States. It would be beneficial to Qujing Yangguang if such candidate could provide the aforesaid experience and network and contribute to the future development of the business of the Qujing Group by joining the board of directors of Qujing Yangguang.
- (b) Upon completion of the Capital Injection, each of the First Investor and the Second Investor will hold 14,377,101 and 8,626,261 Qujing Shares, representing approximately 8.80% and 5.28% of the enlarged share capital of Qujing Yangguang, respectively. To the best knowledge of the Directors, the grant of the Nomination Right is in line with market practice in the PRC to reflect the First Investor's and the Second Investor's representative role relative to their shareholding interest in Qujing Yangguang at the board level following completion of the Capital Injection.

3. EFFECT ON THE SHAREHOLDING STRUCTURE OF QUJING YANGGUANG

As at the Latest Practicable Date, 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 Latest Practicable Date.

As considered and approved by the board of directors of Jinzhou Yangguang, a wholly-owned subsidiary of the Company, it was resolved that Jinzhou Yangguang shall not participate in the Capital Injection. Based on the 26,453,866 Qujing Shares to be placed to the Seven Investors under the Capital Injection, following completion of the Capital Injection, the percentage of the Group's shareholding interest in Qujing Yangguang will reduce by 8.70% from approximately 53.70% to 45.00%, whereas the Seven Investors will have approximately 16.20% shareholding interest in Qujing Yangguang. Given that the Company will, according to the applicable accounting standards, continue to have control over Qujing Yangguang, 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 completion of the Capital Injection.

LETTER FROM THE BOARD

The following table sets out the shareholding structure of Qujing Yangguang (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Capital Injection:

	As at		Immediately after completion	
	the Latest Practicable Date		of the Capital Injection	
	<i>Number of</i>	<i>Shareholding</i>	<i>Number of</i>	<i>Shareholding</i>
	<i>Qujing</i>	<i>Percentage</i>	<i>Qujing</i>	<i>Percentage</i>
	<i>Shares held</i>	<i>(%)</i>	<i>Shares held</i>	<i>(%)</i>
The Group	73,500,000	53.70	73,500,000	45.00
Other shareholders	63,370,000	46.30	63,370,000	38.80
The Seven Investors	—	—	26,453,866	16.20
Total	<u>136,870,000</u>	<u>100.00</u>	<u>163,323,866</u>	<u>100.00</u>

4. 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 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 Latest Practicable Date, 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 silicon ingots and wafers.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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 shareholding 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 <i>(Note 1)</i>
Jack Win Investment Holdings Limited	15.34%	1 <i>(Note 2)</i>
626 Investments Holdings Limited	5.85%	1 <i>(Note 3)</i>
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
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

LETTER FROM THE BOARD

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 Bui.
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, a former independent non-executive director of the Company who resigned on 11 July 2022, 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 Latest Practicable Date, 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 Latest Practicable Date, 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 silicon 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 Latest Practicable Date. Jinzhou Changhua is principally engaged in the manufacturing of graphite and graphite related products.

5. INFORMATION ON GUOTAI JUNAN

Guotai Junan is a joint stock limited company incorporated in the PRC, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 601211) and the H shares of which are listed on the main board of the Stock Exchange (stock code: 2611). The principal businesses of Guotai Junan are securities brokerage, proprietary securities trading, securities underwriting and sponsorship and relevant financial services.

6. INFORMATION ON THE INVESTORS

The First Investor

The First 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 directors of Abax Global Capital (Hong Kong) Limited are Mr. Yang Xiang Dong (楊向東) and Mr. Wang Michael Chou (王炬). The First Investor is an onshore investment platform of Abax Asian Structured Private Credit Fund III, LP, whose investors are mostly institutional investors, including government funds, university endowment funds, pension funds and banks. Save for a university endowment fund which holds approximately 37.1% in Abax Asian Structured Private Credit Fund III, LP, none of the investors individually holds more than 20% interest in Abax Asian Structured Private Credit Fund III, LP. All such investors are passive investors and are not involved in the management and operations of Asian Structure 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.

Pursuant to the Subscription Agreement, Qijing Yangguang has issued the Convertible Bonds to the First Investor in the principal amount of RMB250,000,000 on 27 April 2022. As at the Latest Practicable Date, none of the Convertible Bonds has been converted into Qijing Shares.

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

LETTER FROM THE BOARD

The Second Investor

The Second Investor is a limited partnership established under the laws of the PRC. The Second Investor and its affiliates are principally engaged in commercial projects in the PRC, especially in industries related to carbon neutrality, ranging from new energy industries to power batteries.

The general partner of the Second Investor is Zungjan Seonwang (Hong Kong) Limited. KC Capital Management Limited holds 99% of the registered capital of the Second Investor, and Zungjan Seonwang (Hong Kong) Limited holds 1% of the registered capital of the Second Investor.

KC Capital Management Limited is a company incorporated in Hong Kong with limited liability. KC Capital Management Limited is 100% owned by Huang Jiong Xiang (黃炯祥).

Zungjan Seonwang (Hong Kong) Limited is a company incorporated in Hong Kong with limited liability. Zungjan Seonwang (Hong Kong) Limited is 100% owned by Huang Jiong Xiang.

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

The Third Investor

The Third Investor is a limited liability company established under the laws of the PRC, and is principally engaged in real estate investment, venture capital and equity investment. The registered capital of the Third Investor is owned as to 94% by Zhu Shaoying (朱少英) and 6% by Zhu Liyu (朱禮玉).

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

The Fourth Investor

The Fourth Investor is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment business. The general partner of the Fourth Investor is Hangzhou Jiexin Investment Partnership (Limited Partnership). The ultimate beneficial owners of Hangzhou Jiexin Investment Partnership (Limited Partnership) are Gu Liming (谷黎明) and Gu Minle (谷民樂). The registered capital of the Fourth Investor is owned as to 32.47% by Wang Xuanzhao (王選召), 19.48% by Wang Zhezhi (王哲治), 12.99% by Xu Jialin (許嘉林), 8.44% by Xu Jingyang (徐境陽), 6.49% by Liu Weihui (劉偉輝), 6.49% by Han Meiqin (韓美琴), 6.49% by Wang Jiantang (王建堂), 6.49% by Shen Weiqing (沈偉青) and 0.65% by Hangzhou Jiexin Investment Partnership (Limited Partnership) (杭州杰新投資合夥企業(有限合夥)).

LETTER FROM THE BOARD

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

The Fifth Investor

The Fifth Investor is a limited partnership established under the laws of the PRC and is principally engaged in business management consulting. The general partner of the Fifth Investor is Liu Yingsen (劉英森). The registered capital of the Fifth Investor is owned as to 80% by Liu Yingsen and 20% by Yao Haiying (姚海英).

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

The Sixth Investor

The Sixth Investor is a limited partnership established under the laws of the PRC and is principally engaged in private equity investment, investment management and asset management activities. The Sixth Investor is ultimately beneficially owned by state-owned enterprises of the PRC.

The general partner of the Sixth Investor is Qujing Xinchan Equity Investment Fund Management Company Limited* (曲靖信產股權投資基金管理有限公司) (“**Qujing Xinchan**”), which is a limited liability company established under the laws of the PRC and a registered private equity fund manager registered with the Asset Management Association of China (中國證券投資基金業協會). Qujing Xinchan is principally engaged in private equity investment fund and venture capital investment fund management.

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

The Seventh Investor

The Seventh Investor is a limited partnership established under the laws of the PRC and is principally engaged in private equity investment, investment management and asset management activities. The Seventh Investor is ultimately beneficially owned by state-owned enterprises of the PRC.

The general partner and investment manager of the Seventh Investor is Yunnan Jingze Private Equity Investment Fund Management Company Limited* (雲南靖澤私募基金管理有限責任公司) (“**Yunnan Jingze**”), which is a limited liability company established under the laws of the PRC and a registered private equity fund manager registered with the Asset Management Association of China (中國證券投資基金業協會). Yunnan Jingze is principally engaged in private equity investment fund and venture capital investment fund management.

LETTER FROM THE BOARD

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

7. FINANCIAL INFORMATION ON QUJING GROUP

Qujing Yangguang

The following table sets out the net profit before tax and net profit after tax of Qujing Yangguang for the two years ended 31 December 2021 and the five months ended 31 May 2022 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		For the five
	31 December		months ended
	2020	2021	31 May
	(RMB'000)	(RMB'000)	2022
	(audited)	(audited)	(RMB'000)
			(unaudited)
Net profit before tax	46,235	217,222	66,559
Net profit after tax	39,300	186,196	56,573

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 net profit before tax and net profit after tax of Jinzhou Youhua for the two years ended 31 December 2021 and the five months ended 31 May 2022 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		For the five
	31 December		months ended
	2020	2021	31 May
	(RMB'000)	(RMB'000)	2022
	(audited)	(audited)	(RMB'000)
			(unaudited)
Net profit before tax	41,887	61,770	18,206
Net profit after tax	40,155	52,505	15,475

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

LETTER FROM THE BOARD

Jinzhou Changhua

The following table sets out the net profit before tax and net profit after tax of Jinzhou Changhua for the two years ended 31 December 2021 and the five months ended 31 May 2022 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		For the five months ended 31 May
	2020	2021	2022
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(unaudited)
Net profit before tax	4,345	7,224	2,963
Net profit after tax	3,183	5,418	2,200

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

8. MAXIMUM RISK EXPOSURE

As disclosed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (k) Financial Target and Shareholding Adjustment” in this letter, under the terms of the Capital Injection, if Qijing Yangguang generates net loss for each of the years ending 31 December 2022, 2023 and 2024, the total maximum amount of compensation that is available to compensate the Investors for the three years ending 31 December 2024 in aggregate would be approximately RMB609 million (i.e. the total value of Share Compensation plus the amount of Monetary Compensation).

Assuming all Investors would elect that Shareholding Adjustment be effected by the issue of additional Qijing Shares for Non-fulfilment of Target Profit, the maximum number of Qijing Shares that Qijing Yangguang would be required to issue pursuant to the terms of the Capital Injection shall be 73,772,908 Qijing Shares, representing approximately 45.17% and 31.12% of the total number of Qijing Shares immediately after the completion of the Capital Injection and the enlarged number of issued shares of Qijing Yangguang after the said issue of Qijing Shares.

Assuming all Investors would elect that Shareholding Adjustment be effected by the transfer of existing Qijing Shares, the maximum number of Qijing Shares that Jinzhou Yangguang, a wholly-owned subsidiary of the Company, would be required to transfer to the Investors shall be 22,869,602 Qijing Shares, representing approximately 14.00% of the total number of Qijing Shares immediately after the completion of the Capital Injection.

As disclosed in the paragraph headed “1. THE SERVICE AGREEMENT AND THE CAPITAL INJECTION — Capital Injection — (k) Financial Target and Shareholding Adjustment” in this letter, any Shareholding Adjustment shall only be made by issuance and/or transfer of Qijing Shares to the extent that it will not result in Jinzhou Yangguang's

LETTER FROM THE BOARD

shareholding interest in Qujing Yangguang falling below 31% and Qujing Yangguang ceasing to be a subsidiary of Jinzhou Yangguang under the applicable accounting standards. Therefore, the maximum dilution effect of any Shareholding Adjustment will be a decrease of the Group's shareholding interest in Qujing Yangguang from approximately 45.00% to 31.00%, representing a dilution effect of approximately 14.00%.

9. REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

Pursuant to the equity transfer agreement entered into between Qujing Yangguang and Solargiga Energy (Hong Kong) Company Limited (a wholly-owned subsidiary of the Company as at the Latest Practicable Date) on 25 February 2022, Qujing Yangguang had agreed to acquire the entire equity interest in Jinzhou Youhua at the total consideration of approximately RMB227,369,000, which shall be settled on or before 30 June 2022 (the "**Acquisition**"). The Capital Injection would provide Qujing Yangguang with the funds for settling the consideration for the Acquisition. For further details of the Acquisition, please refer to the announcement of the Company dated 25 February 2022.

Moreover, the Capital Injection would (i) enable Qujing Yangguang to improve its production capacity of monocrystalline silicon ingots and wafers by the acquisition of fixed assets; (ii) enhance the capital strength of Qujing Yangguang, hence improving Qujing Yangguang's core competitiveness and realisation of its strategic goals; and (iii) effectively improve the gearing ratio of Qujing Yangguang, optimise its capital structure, lower its financial risks, enhance its financing capability in the future and provide strong working capital support for its operations and development to meet the requirements of its business growth. The core competitiveness of Qujing Yangguang and its ability to withstand the risks of macro-economic volatility will also be enhanced, which will facilitate its healthy and sustainable development.

Furthermore, through the introduction of the Investors, the Capital Injection would enable Qujing Yangguang to further optimise its shareholding structure. As Jinzhou Yangguang, being a wholly-owned subsidiary of the Company, will not participate in the Capital Injection and Qujing Yangguang will remain as a subsidiary of the Company after completion of the Capital Injection, the Company will continue to benefit from the future growth and development of Qujing Yangguang following the completion of the Capital Injection.

No Directors have material interest in the Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder or are required to abstain from voting on the relevant resolution of the Board.

The Board (including the independent non-executive Directors) is of the view that the terms of the Service Agreement, the Capital Injection and the First Investor's Repurchase Option are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

10. USE OF PROCEEDS

The gross proceeds from the Capital Injection will not exceed RMB460,000,000. The net proceeds from the Capital Injection after the deduction of service fee and other related expenses is estimated to be approximately RMB460,000,000. As disclosed in the announcement of the Company dated 29 April 2022, the Company intends to apply the net proceeds for the following purposes: (i) approximately RMB255,000,000 for the Acquisition and other merger and acquisition projects of the Qujing Group; (ii) approximately RMB125,000,000 for acquisition of fixed assets for enhancing the production capacity of the Qujing Group; and (iii) approximately RMB80,000,000 for general working capital.

Having considered: (a) as the Qujing Group is still in the process of negotiation on other merger and acquisition projects which may or may not materialise, there is less immediate funding need for such merger and acquisition projects; (b) there is also less immediate funding needs for acquisition of fixed assets for enhancing production capacity as the payment for such acquisition of fixed assets could be settled by instalments; and (c) in light of the continual expansion of the production capacity of the Qujing Group and the prices of silicon materials having remained at a high level, the need for general working capital of the Qujing Group is expected to increase, the Board is of the view that the reallocation of more funds to general working capital would put the net proceeds from the Capital Injection to more effective use.

By reason of the foregoing, the Board has resolved to reallocate the intended use of proceeds from the Capital Injection as follows:

Proposed use of proceeds	Amount <i>RMB'000</i>	Expected timeline for full utilisation of proceeds
1. For the Acquisition and other merger and acquisition projects of the Qujing Group	232,560	By 31 December 2022
2. For acquisition of fixed assets for enhancing the production capacity of the Qujing Group	80,000	By 31 December 2022
3. For general working capital	<u>147,440</u>	By 31 December 2022
Total	<u><u>460,000</u></u>	—

LETTER FROM THE BOARD

11. FINANCIAL EFFECT OF THE CAPITAL INJECTION

As the Company will, according to the applicable accounting standards, continue to have control over Qujing Yangguang after completion of the Capital Injection, Qujing Yangguang will remain a subsidiary of the Company following completion of the Capital Injection, 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 Capital Injection. Based on the total consideration amount under the Capital Injection of RMB460,000,000, the excess of the consideration of the Capital Injection over 8.70% of the aggregate sum of the audited net asset value of Qujing Yangguang, Jinzhou Youhua and Jinzhou Changhua as at 31 December 2021 is approximately RMB407,490,000 (equivalent to approximately HK\$479,208,000). Such excess will be recorded in capital reserve account and non-controlling interests account in the consolidated statement of financial position of the Company.

12. LISTING RULES IMPLICATIONS

As Jinzhou Yangguang, being a wholly-owned subsidiary of the Company, will not participate in the Capital Injection, based on the 26,453,866 Qujing Shares to be placed to the Seven Investors under the Capital Injection, the percentage of the Group's shareholding interest in Qujing Yangguang will reduce from approximately 53.70% to 45.00% following the completion of the Capital Injection. Such reduction of the Group's shareholding interest in Qujing Yangguang constitutes a deemed disposal by Jinzhou Yangguang under Rule 14.29 of the Listing Rules.

The Directors are of the view that the First Investor's Repurchase Option constitutes an option under Rule 14.72 of the Listing Rules. Pursuant to Rule 14.73 of the Listing Rules, the grant of an option by a listed issuer is regarded as a transaction. As the exercise of the First Investor's Repurchase Option is not at the discretion of the Group, the grant of the First Investor's Repurchase Option under the First Capital Injection Agreement is deemed as if it is exercised on the date of the First Capital Injection Agreement pursuant to Rule 14.74(1) of the Listing Rules.

The highest applicable percentage ratio for the grant of the First Investor's Repurchase Option exceeds 5% but is below 25%.

Pursuant to Rule 14.24 of the Listing Rules, the Directors take the view that the grant of the First Investor's Repurchase Option and the Capital Injection are inter-related with one another, and they will be regarded as one transaction involving both an acquisition and a disposal. The Company will classify the transaction by reference to the larger of the percentage ratios of grant of the First Investor's Repurchase Option and the Capital Injection and comply with the applicable requirements of the Listing Rules based on such classification.

LETTER FROM THE BOARD

As the highest applicable percentage ratio for the Capital Injection exceeds 25% but is below 75%, the Deemed Disposal and the grant of the First Investor's Repurchase Option taken as a whole constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules, except that the requirements of the contents of this circular will only apply to the Deemed Disposal.

13. EGM

The Company will convene the EGM at Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, at 11 a.m. on Wednesday, 17 August 2022 to consider and, if thought fit, approve the Service Agreement, Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-5 of this circular.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder (or his close associate(s)) is materially interested in the Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder.

Notwithstanding Mr. Tan Wenhua and Mr. Tan Xin being parties to the Shareholders' Agreement and the First Capital Injection Agreement, having considered that (a) the Shareholding Adjustment mechanism imposes an obligation on (rather than conferring any benefit to) Mr. Tan Wenhua and Mr. Tan Xin to pay monetary compensation to Investors for any shortfall of the Shareholding Adjustment; and (b) the arrangement by which Mr. Tan Wenhua or Mr. Tan Xin purchase Qujing Shares from an Investor upon such Investor's request in exercise of the Repurchase Option under the Shareholders' Agreement does not confer any benefits to Mr. Tan Wenhua and/or Mr. Tan Xin for the reasons stated in the paragraph headed "2. UPDATE ON CAPITAL INJECTION — Shareholders' Agreement" above in this letter, the Board is of the view that given neither Mr. Tan Wenhua nor Mr. Tan Xin has any benefits (economic or otherwise) not available to the other Shareholders in the Capital Injection, Mr. Tan Wenhua and Mr. Tan Xin should not be regarded as having material interest in the Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder for the purpose of Rule 2.15 of the Listing Rules and will not be required to abstain from voting at the EGM.

As such, no Shareholder (or his close associate(s)) is required to abstain from voting on the resolutions approving Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

LETTER FROM THE BOARD

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote the EGM in person, you are requested to complete and sign the 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 at 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 the holding the EGM or any adjourned meeting thereof. Completion and return of the proxy will not preclude you from attending and voting at the EGM or any adjournment meeting thereof should you so wish, and in such event, the proxy form previously submitted shall be deemed to be revoked.

14. RECOMMENDATION

The Directors consider that the Service Agreement, the Capital Injection, the grant of the First Investor's Repurchase Option and the transactions contemplated thereunder taken as a whole are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolutions in the terms as set out in the notice of the EGM.

15. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Solargiga Energy Holdings Limited
Tan Wenhua
Chairman

1. FINANCIAL INFORMATION

The financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 are disclosed on pages 78–204, 86–216 and 75–212, respectively, in the annual reports of the Company for the three years ended 31 December 2019, 2020 and 2021, which are published on both the websites of HKExnews (www.hkexnews.hk) and the Company (www.solargiga.com). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 December 2019, 2020 and 2021.

Quick links to the said annual reports of the Company are available at the following internet links:

Annual report of the Company for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401182.pdf>

Annual report of the Company for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042701007.pdf>

Annual report of the Company for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802814.pdf>

2. INDEBTEDNESS STATEMENT

Indebtedness

At the close of business on 31 May 2022, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding borrowings of approximately RMB2,139 million as set forth below:

	As at 31 May 2022		
	<i>Effective</i>		
	<i>interest rate</i>	<i>Maturity</i>	<i>RMB'000</i>
	(%)		
Current:			
Bank loans — secured	3.950–7.500	2022	558,440
CNY			558,440
Bank loans — guaranteed	2.625–9.000	2022–2023	948,075
CNY			754,900
EUR			174,707
USD			18,468
Other loans — secured	0.000–7.500	2022	405,498
CNY			405,498
Other loans — guaranteed	5.000–5.475	2022	13,430
HKD			10,097
USD			3,333
Current portion of long-term borrowings:			
Other loans — guaranteed	1.600	2022	2,420
EUR			2,420
Total			<u><u>1,927,863</u></u>
Non-current:			
Other loans — guaranteed	1.600–7.000	2023–2024	210,987
CNY			168,514
HKD			42,473
Total			<u><u>210,987</u></u>

Lease liabilities

As at 31
May 2022
RMB'000

Lease liabilities 105,284

Convertible Bonds

On 14 April 2022, Qujing Yangguang, the First Investor, Mr. Tan Wenhua and Mr. Tan Xin entered into the Subscription Agreement, pursuant to which Qujing Yangguang shall, subject to the fulfilment of the conditions precedent thereunder, issue the Convertible Bonds to the First Investor at a principal amount of not more than RMB250,000,000. On 27 April 2022, Qujing Yangguang issued the Convertible Bonds at the principal amount of RMB250,000,000 to the First Investor. For further details on the Subscription Agreement and the Convertible Bonds, please refer to the announcement of the Company dated 14 April 2022. As at the Latest Practicable Date, none of the Convertible Bonds has been converted into Qujing Shares.

Contingent liabilities

Save as aforesaid or otherwise as disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities as at the close of business on 31 May 2022.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseeable circumstances and after taking account of the maximum net proceeds expected to be raised from the Capital Injection of approximately RMB460,000,000 and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements that is for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FUTURE PLANS AND PROSPECTS

It is expected that the global newly installed capacity of photovoltaic power generation will continue to grow rapidly in 2022. Coupled with a series of government policies to support the development of the photovoltaic industry, it is expected that PRC and the

global mid and long-term demand for photovoltaic products will continue to experience robust growth. Photovoltaic products will be able to move further towards full-scale marketised competition in the photovoltaic industry and away from policy subsidies, and will progress towards self sustainable development, advance technological progress, reduce cost of power generation to promote the achievement in comprehensive grid parity and will draw explosive growth in demand.

In order to respond to the rapid increase in demand, the Group has been expanding its production capacity of monocrystalline silicon ingot, wafer and modules to take advantage of the external production environment in different areas, enabling the Group to fully utilise its current technological advantages in production. It is estimated that the production capacity of monocrystalline silicon ingot will be expanded from 5.7GW by the end of 2021 to 7.4GW by the end of 2022. The production capacity of monocrystalline silicon wafer will be expanded from 4.1GW by the end of 2021 to 7.4GW by the end of 2022. The production capacity of modules will be expanded from 7.2GW by the end of 2021 to 8.2GW by the end of 2022.

Besides, in the planning for 2022, the upstream monocrystalline silicon ingot production capacity will be significantly higher than the downstream module production capacity. It is to consider that the future supply and demand is growing rapidly. Compared with downstream modules, production of upstream monocrystalline silicon ingot needs higher technical thresholds and higher gross profit margins. Therefore, the oligopoly market trend of the monocrystalline silicon ingot suppliers will continue to exist. As the first batch of domestic enterprises engaging in the production of monocrystalline silicon ingot, with 20 years experience in manufacturing of monocrystalline silicon ingot, leading the industry with accumulated technological advantages, when more resources will be invested in the oligopoly market of upstream monocrystalline silicon ingots, there will be better market bargaining power which can strengthen the Group's profitability. Additionally, to avoid sales competition with existing overseas OEM customers, the Group has not yet engaged in large-scale self-owned module brand sales. The overseas module sales strategy still focus on processing services. Therefore, the module's capacity expansion plan will have a lower growth rate. The Group's robust business and clear strategic focus make us well positioned for capturing the opportunities ahead.

As a clean energy source, in respect of photovoltaic power generation, the road to grid parity may be a painful change, but the expected explosive growth in the market after reaching grid parity will provide an opportunity for the industry. The Group is fully prepared by relying on its existing advantages and will do its utmost, to embrace the growth and development in the photovoltaic industry in the good times, help achieve the goal of "carbon neutrality" in 2060 in China and contribute to the sustainable development of the global environment.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group was made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) 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 (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) 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)	Approximately percentage of shareholding (%)
Mr. TAN Wenhua (“Mr. Tan”)	Beneficial Interest ^(Note 2)	556,924,443(L)	16.76%
	Interest of a controlled corporation ^(Note 2)	155,320,308(L)	4.67%
Mr. TAN Xin	Beneficial Interest	41,762,000(L)	1.26%
Mr. HSU You Yuan	Beneficial Interest	15,591,016(L)	0.47%
Mr. WANG Junze	Beneficial Interest	100,500(L)	Less than 0.01%

Notes:

- The Letter “L” denotes the person’s long position in such Shares.
- Mr. Tan is interested in an aggregate of 712,224,751 Shares of the Company, of which (i) 556,924,443 Shares of the Company are directly held by Mr. Tan; and (ii) 155,320,308 Shares of the Company are held by You Hua Investment Corporation, which is wholly-owned by Mr. Tan.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who (a) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) were, directly or indirectly, interested in 10% or more in the Shares of the Company carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group, were as follows:

Name	Capacity	Number of Shares held (Note 1)	Approximately percentage of shareholding (%)
Hiramatsu International Corp.	Beneficial owner	304,261,692 (L)	9.15%
Hanako Hiramatsu (Note 2)	Beneficial interest	304,261,692 (L)	9.15%
Madam Sze Tan Hung	Beneficial interest	237,295,000 (L)	7.14%
Mr. Tung Ching Sai (Note 3)	Interest of spouse	237,295,000 (L)	7.14%

Notes:

1. The letter "L" denotes the person's long position in such Shares.
2. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Hiramatsu International Corp. is wholly-owned by Hanako Hiramatsu as at the Latest Practicable Date. By virtue of the SFO, Hanako Hiramatsu is deemed to be interested in the Shares held by Hiramatsu International Corp.
3. Mr. Tung Ching Sai is the spouse of Madam Sze Tan Hung and is therefore deemed to be interested in all the Shares in which Madam Sze Tan Hung is interested for the purpose of the SFO.

Save as disclosed herein, so far as is known to any Director or chief executive of the Company, there was no other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the shares of the Company carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

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

5. 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.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, their respective close associates (as defined in the Listing Rules) was interested in any business apart from the Group's business, which competed or was likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group are made up) and up to the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors or proposed directors of the Company (if any) was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the date of this circular, and are or may be material:

- (a) the capital injection agreement entered into by Jinzhou Yangguang, Jack Win Investment Holdings Limited (俊懋投資控股有限公司), Wintek International Corp. (文特客國際集團公司), Jianhu Huimei Investment Centre* (建湖匯美投資中心), Jianhu Hongchuang Emerging Industry Fund* (建湖縣宏創新興產業基金), Jianhu High-tech Investment Development Co., Ltd.* (建湖縣高新投資發展有限公司) and Jiangsu Yueyang Photovoltaic Technology Co., Ltd. dated 20 November 2020 in respect of the capital injection in the amount of RMB100,000,000 into Jiangsu Yueyang Photovoltaic Technology Co., Ltd. through cash contribution by Jinzhou Yangguang, among which RMB69,440,000 should be accounted as registered capital by Jiangsu Yueyang Photovoltaic Technology Co., Ltd, and RMB30,560,000 shall be accounted as capital reserve of Jiangsu Yueyang Photovoltaic Technology Co., Ltd;
- (b) the conditional subscription agreement dated 21 January 2021 entered into between the Company as issuer and Madam Sze Tan Hung for the subscription of 180,000,000 Shares at the subscription price of HK\$0.29 per Share;
- (c) the agreement dated 23 April 2021 entered into between Jinzhou Yangguang as the purchaser and Jianhu Hongchuang Emerging Industry Fund* (建湖縣宏創新興產業基金) as the vendor in respect of the sale and purchase of approximately 17.8% equity interest in Jiangsu Yueyang Photovoltaic Technology Co., Ltd. at the consideration of RMB24,200,000;
- (d) the sale and purchase agreement entered into between Solargiga Energy (Hong Kong) Company Limited, as vendor, Mr. Luo Qian and Mr. Bao Qianjun, as purchasers on 8 December 2021 in relation to the disposal of the equity interest of Solargiga Energy (Qinghai) Co., Ltd. at the aggregate consideration of approximately RMB54,419,000;
- (e) the equity transfer agreement entered into between Solargiga Energy (Hong Kong) Company Limited, as vendor, and Qujing Yangguang, as purchaser, on 25 February 2022 in relation to the transfer of the entire equity interests in Jinzhou Youhua at the consideration of approximately RMB227,369,000;
- (f) the equity transfer agreement entered into between Prosperity Lamps and Components Limited and Jinzhou Jiuji New Energy Material Trading Department (Limited Partnership)* (錦州久吉新能源材料經營部(有限合夥)), as vendors, and Qujing Yangguang, as purchaser, on 3 March 2022 in relation to the transfer of the entire equity interest in Jinzhou Changhua at the consideration of approximately RMB5,191,900;

- (g) the Subscription Agreement;
- (h) the Service Agreement;
- (i) the First Capital Injection Agreement;
- (j) the Second Capital Injection Agreement;
- (k) the Third Capital Injection Agreement;
- (l) the Fourth Capital Injection Agreement;
- (m) the Fifth Capital Injection Agreement;
- (n) the Sixth Capital Injection Agreement;
- (o) the Seventh Capital Injection Agreement; and
- (p) the Undertaking.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.solargiga.com) for a period of 14 days from the date of this circular:

- (a) the Service Agreement;
- (b) the First Capital Injection Agreement;
- (c) the Second Capital Injection Agreement;
- (d) the Third Capital Injection Agreement;
- (e) the Fourth Capital Injection Agreement;
- (f) the Fifth Capital Injection Agreement;
- (g) the Sixth Capital Injection Agreement;
- (h) the Seventh Capital Injection Agreement; and
- (i) the Undertaking.

10. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands.

- (b) The head office and principal place of business of the Company in Hong Kong is at Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (c) The Company's share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary is Mr. Yeung Chi Tat. Mr. Yeung is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (e) The English text of this circular shall prevail over its Chinese text.

* *For identification purpose only*



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 of Solargiga Energy Holdings Limited (the “**Company**”) will be held at Room 1402, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 11 a.m. on Wednesday, 17 August 2022 for the purposes of considering and, if thought fit, approving the following ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

1. (a) The following agreements, namely:
 - (i) the service agreement entered into between Qujing Yangguang New Energy Co, Ltd. (曲靖陽光新能源股份有限公司) (“**Qujing Yangguang**”), an indirect non-wholly owned subsidiary of the Company, and Guotai Junan Securities Co., Ltd (“**Guotai Junan**”) dated 29 April 2022 (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification)(the “**Service Agreement**”), pursuant to which Guotai Junan has agreed to place, on a best effort basis, up to 27,138,643 Qujing Shares, at a total capital contribution of up to RMB460,000,000 and the subscription of a maximum of 27,138,643 ordinary shares of RMB1.00 each (“**Qujing Shares**”) in the capital of Qujing Yangguang by investors to be sought and procured by Guotai Junan (the “**Investors**”) in accordance with the Service Agreement on and subject to the terms and conditions thereof (the “**Capital Injection**”);
 - (ii) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang Energy Co. Ltd. (錦州陽光能源有限公司) (“**Jinzhou Yangguang**”), an indirect wholly-owned subsidiary of the Company, the remaining shareholders of Qujing Yangguang, Mr. Tan Wenhua and Mr. Tan Xin and Shenzhen Boquan Enterprise Management Center (Limited Partnership)* (深圳博泉企業管理中心(有限合夥)) (the “**First Investor**”) dated 18 July 2022 (a copy of which has been produced to the meeting marked “B” and signed by the chairman

NOTICE OF EGM

of the meeting for the purpose of identification) (the “**First Capital Injection Agreement**”) in relation to (i) the subscription of 14,377,101 Qujing Shares at a total capital contribution of RMB250,000,000 by the First Investor on and subject to the terms and conditions thereof; and (ii) the grant of the right to the First Investor to request Jinzhou Yangguang to purchase all the Qujing Shares that the First Investor had subscribed for but have not been paid up at RMB1 nominal consideration (or the lowest consideration permissible under the applicable law) subject to the terms and conditions thereof (the “**First Investor’s Repurchase Option**”);

- (iii) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and Nanjing Zhoubo Fangwei Enterprise Management Centre (Limited Partnership)* (南京州博方維企業管理中心(有限合夥)) (the “**Second Investor**”) dated 30 June 2022 (a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification) (the “**Second Capital Injection Agreement**”) in relation to the subscription of 8,626,261 Qujing Shares by the Second Investor at a total capital contribution of RMB150,000,000 on and subject to the terms and conditions thereof;
- (iv) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and Shenzhen Rongxin Taifu Investment Co., Ltd.* (深圳市榮信泰富投資有限公司) (the “**Third Investor**”) dated 30 June 2022 (a copy of which has been produced to the meeting marked “D” and signed by the chairman of the meeting for the purpose of identification) (the “**Third Capital Injection Agreement**”) in relation to the subscription of 1,725,252 Qujing Shares by the Third Investor at a total capital contribution of RMB30,000,000 on and subject to the terms and conditions thereof;
- (v) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and Wenzhou Jiuzhi Venture Capital Partnership (Limited Partnership)* (溫州玖致創業投資合夥企業(有限合夥)) (the “**Fourth Investor**”) dated 30 June 2022 (a copy of which has been produced to the meeting marked “E” and signed by the chairman of the meeting for the purpose of identification) (the “**Fourth Capital Injection Agreement**”) in relation to the subscription of 805,118 Qujing Shares by the Fourth Investor at a total capital contribution of RMB14,000,000 on and subject to the terms and conditions thereof;
- (vi) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and Qujing Kunhong Enterprise Management Consulting Centre* (曲靖坤弘企業管理諮詢中心(有限合夥)) (the “**Fifth Investor**”) dated 30 June 2022 (a copy of which has been produced to the meeting

NOTICE OF EGM

marked “F” and signed by the chairman of the meeting for the purpose of identification) (the “**Fifth Capital Injection Agreement**”) in relation to the subscription of 345,050 Qujing Shares by the Fifth Investor at a total capital contribution of RMB6,000,000 on and subject to the terms and conditions thereof;

(vii) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and Qujing Economic and Technological Development Area Xingchan Equity Investment Fund (Limited Partnership)* (曲靖經開區興產股權投資基金合夥企業(有限合夥)) (the “**Sixth Investor**”) dated 30 June 2022 (a copy of which has been produced to the meeting marked “G” and signed by the chairman of the meeting for the purpose of identification) (the “**Sixth Capital Injection Agreement**”) in relation to the subscription of 287,542 Qujing Shares by the Sixth Investor at a total capital contribution of RMB5,000,000 on and subject to the terms and conditions thereof; and

(viii) the conditional capital injection agreement entered into between Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing Yangguang and Qujing Economic and Technological Development Area Chanye Yindao Equity Investment Fund (Limited Partnership)* (曲靖經開區產業引導股權投資基金合夥企業(有限合夥)) (the “**Seventh Investor**”) dated 18 July 2022 (a copy of which has been produced to the meeting marked “H” and signed by the chairman of the meeting for the purpose of identification) (the “**Seventh Capital Injection Agreement**”, together with the First Capital Injection Agreement, the Second Capital Injection Agreement, the Third Capital Injection Agreement, the Fourth Capital Injection Agreement, the Fifth Capital Injection Agreement and the Sixth Capital Injection Agreement, the “**Seven Capital Injection Agreements**”) in relation to the subscription of 287,542 Qujing Shares by the Seventh Investor at a total capital contribution of RMB5,000,000 on and subject to the terms and conditions thereof;

and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.

NOTICE OF EGM

- (b) The directors of the Company be and are hereby authorised to do all such acts and things and sign, ratify or execute all such documents (under seal, if necessary) and take all such steps as they may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Service Agreement, the Capital Injection, the Seven Capital Injection Agreements and any of the transactions contemplated thereunder.”

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

* *For identification purposes only*

Hong Kong, 29 July 2022

Head office and principal place of business in Hong Kong:

Room 1402, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

NOTICE OF EGM

Notes:

1. The register of members of the Company will be closed from Friday, 12 August 2022 to Wednesday, 17 August 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the EGM to be held on Wednesday, 17 August 2022, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 11 August 2022.
2. Every shareholders 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 member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. In the case of 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.
4. To be valid, a proxy form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 48 hours before the time fixed for holding the EGM.
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 7:00 a.m. and 11:00 a.m. on Wednesday, 17 August 2022, an announcement will be made in such event to notify the Shareholders of any alternative date for the EGM.

As at the date of this circular, 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, Mr. Lian Tao and Ms. Chung Wai Hang.