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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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On 21 January 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 180,000,000 Subscription Shares at the Subscription Price of HK\$0.29 per Subscription Share. The total consideration payable by the Subscriber under the Subscription Agreement amounts to HK\$52,200,000.

The Subscription Shares represent (i) approximately 5.73% of the existing total number of issued Shares of 3,143,771,133 Shares as at the date of this announcement; and (ii) approximately 5.42% of the enlarged total number of issued Shares of 3,323,771,133 Shares immediately following Completion (assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion).

Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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The principal terms of the Subscription Agreement are set out below:

Date: 21 January 2021 (after trading hours)

Parties: (1) the Company, as issuer; and
(2) the Subscriber.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 180,000,000 Subscription Shares, representing:

- (1) approximately 5.73% of the existing total number of issued Shares of 3,143,771,133 Shares as at the date of this announcement; and
- (2) approximately 5.42% of the enlarged total number of issued Shares of 3,323,771,133 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

The Subscriber will not become a substantial shareholder (as defined under the Listing Rules) of the Company upon Completion.

Subscription Price

The Subscription Price of HK\$0.29 per Subscription Share represents:

- (i) a discount of approximately 18.3% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 12.4% to the average closing price of HK\$0.331 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Subscription Agreement;
- (iii) a discount of approximately 9.8% to the average closing price of HK\$0.3215 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Subscription Agreement; and
- (iv) a discount of approximately 8.8% to the average closing price of HK\$0.3180 per Share as quoted on the Stock Exchange for the last fifteen (15) trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among others, (i) the prevailing market price of the Shares; and (ii) the recent performance and prospect of the Group's business. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are normal commercial terms and fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The aggregate nominal value of the Subscription Shares is HK\$18,000,000. Taking into account the expenses of the Subscription in the amount of approximately HK\$116,000, the net price per Subscription Share will be approximately HK\$0.2894.

Ranking of the Subscription Shares

The Subscription Shares shall be free from all liens, charges, security interests, encumbrances and adverse claims, with rights which rank *pari passu* in all respects among themselves and with the other Shares in issue or to be issued by the Company on or prior to Completion, including the right to receive all dividends and other distributions declared, made or paid at any time on or after the date of issue and allotment of the Subscription Shares.

Conditions Precedent

Completion of the Subscription under the Subscription Agreement is conditional upon the following conditions precedent being fulfilled (or waived, where applicable):

- (a) the listing division of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked) prior to the delivery of definitive share certificate(s) representing the Subscription Shares;
- (b) all applicable laws and regulations relevant to the Subscription (including the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs) having been complied with by the Company;
- (c) no judicial governmental or regulatory authorities making, issuing or ordering any order, judgement, limitations or decision to restrict or prohibit the transactions contemplated under the Subscription Agreement;
- (d) all necessary consents and approvals as may be required to be obtained in respect of the Subscription and the completion of transactions contemplated under the Subscription Agreement having been obtained;
- (e) the representations, warranties and undertakings given by the Company under the Subscription Agreement remain true and accurate in all material respects, and not materially misleading, since the date of the Subscription Agreement and up to Completion; and
- (f) the representations, warranties and undertakings given by the Subscriber under the Subscription Agreement remain true and accurate in all material respects, and not materially misleading, since the date of the Subscription Agreement and up to Completion.

In the event the above conditions are not fulfilled or waived (where applicable) on or before 26 February 2021 (or such other date as the parties thereto may agree in writing), the obligations and liabilities of the Company and the Subscriber under the Subscription Agreement shall be null and void and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breaches of the terms and conditions of the Subscription Agreement, provided that the Company shall return the total consideration (if any) to the Subscriber.

Completion

Completion will take place on the second (2nd) Business Day after all the conditions precedent have been satisfied or waived (as the case may be), or such other date as the parties may agree in writing. At Completion, the Company will allot and issue 180,000,000 Subscription Shares to the Subscriber, and the Subscriber will or procure to make payments to the Company by bank transfer on the date of Completion.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 628,754,226 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Upon Completion, the Company will have unused General Mandate to issue up to 448,754,226 Shares.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,143,771,133 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion:

Name of Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares held	Approximate % shareholding	Number of Shares held	Approximate % shareholding
<i>Substantial Shareholders</i>				
Mr. TAN Wenhua and the corporation controlled by him ^{Note 1}	712,244,751	22.66%	712,244,751	21.43%
<i>Other Directors</i>				
Mr. TAN Xin	41,762,000	1.33%	41,762,000	1.26%
Mr. HSU You Yuan	15,591,016	0.50%	15,591,016	0.47%
Mr. WANG Junze	100,500	0.01%	100,500	0.01%
<i>Others</i>				
Hiramatsu International Corp. ^{Note 2}	304,261,692	9.68%	304,261,692	9.15%
Wafer Works Investment Corp. ^{Note 3}	195,194,822	6.21%	195,194,822	5.87%
Other Public Shareholders	1,835,002,352	58.35%	1,835,002,352	55.20%
The Subscriber	<u>39,614,000</u>	<u>1.26%</u>	<u>219,614,000</u>	<u>6.61%</u>
Total	<u>3,143,771,133</u>	<u>100.00%</u>	<u>3,323,771,133</u>	<u>100.00%</u>

Notes:

1. 556,924,443 Shares are directly held by Mr. Tan Wenhua; and 155,320,308 Shares are held by You Hua Investment Corporation, which is wholly-owned by Mr. Tan Wenhua.
2. Hiramatsu International Corp. is wholly-owned by Hiramatsu Hiroharu.
3. Wafer Works Investment Corp. is wholly-owned by Wafer Works Corp..

INFORMATION OF THE PARTIES

The Subscriber, Madam SZE Tan Hung, is an experienced investor. Madam SZE is the spouse of Tan Sri Datuk TUNG Ching Sai, who has more than 30 years' experience in the glass industry.

Based on the information provided by the Subscriber and to the best of the Directors' knowledge and information having made reasonable enquiries, as at the date of this announcement, the Subscriber is an existing Shareholder holding 39,614,000 Shares, representing approximately 1.26% of the issued share capital of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds and net proceeds from the Subscription Agreement are estimated to be approximately HK\$52,200,000 and HK\$52,084,000, respectively. The Company intends to use the net proceeds from the Subscription as the Group's general working capital.

The Directors are of the view that the Subscription represents an opportunity for the Company to introduce the Subscriber as a strategic Shareholder and broaden the Shareholders' base. The Directors further believe that the Subscription can enhance its working capital, strengthen its capital base and financial position.

Having considered the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve (12) months immediately preceding the date of this announcement.

GENERAL

None of the Directors was required to abstain from voting on the relevant Board resolutions in respect of the Subscription Agreement and the transactions contemplated thereunder at the Board meeting for approving the same according to the articles of association of the Company or any applicable laws and regulations.

Completion is subject to fulfilment of the conditions thereunder. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened on 30 June 2020;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday or Sunday or public holiday in Hong Kong) on which banks are generally open for business in Hong Kong;
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司) (stock code: 757), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Subscription;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue up to 628,754,226 Shares, being 20% of the total number of Shares in issue as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	ordinary share(s) of par value HK\$0.10 each of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Madam SZE Tan Hung, who is, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, an Independent Third Party;
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the conditional subscription agreement dated 21 January 2021 entered into between the Company as issuer and the Subscriber for the subscription of 180,000,000 Subscription Shares at the Subscription Price;
“Subscription Price”	HK\$0.29 per Subscription Share;
“Subscription Shares”	180,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement; and
“%”	per cent.

By Order of the Board
Solargiga Energy Holdings Limited
Wang Junze
Executive Director

Hong Kong, 21 January 2021

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