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Solargiga Energy

Solargiga Energy Holdings Limited

陽光能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 757)

ANNOUNCEMENT

CHANGE OF USE OF PROCEEDS

Reference is made to the prospectus of the Company dated 17 March 2008 relating to the Global Offering for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. The Directors wish to announce the Company has decided to change the use of proceeds as more particularly set out in this announcement.

Reference is made to the prospectus of Solargiga Energy Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 17 March 2008 (the "**Prospectus**") relating to the public offer and international placing of the Company's shares (the "**Global Offering**") and the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

It was stated in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" of the Prospectus that approximately HK\$175.0 million is intended to be used for the investment in polysilicon supplies, including the potential investment in the solar grade polysilicon manufacturer under the framework agreement (as supplemented by two supplemental agreements) (the "**Framework Agreement**") entered into between 錦州陽光能源有限公司 (Jinzhou Yangguang Energy Co., Ltd.) ("**Jinzhou Yangguang**"), an indirect wholly-owned subsidiary of the Company and 錦州新世紀石英玻璃有限公司 (Jinzhou New Century Quartz Glass Co., Ltd.) ("**Jinzhou New Century**"), an independent third party, whereby Jinzhou Yangguang agreed to invest RMB62,400,000 (approximately HK\$71,305,000) for 40% of the registered capital in a joint venture company (the "**New JV**") to be formed for the production of polysilicon raw material on and subject to the terms and conditions of the Framework Agreement (the "**Proposed Transaction**").

As Jinzhou Yangguang could not reach an agreement with Jinzhou New Century on the shareholding composition of the remaining 60% of the New JV for the purpose of the Proposed Transaction, Jinzhou Yangguang and Jinzhou New Century entered into a termination agreement (the "**Termination Agreement**") whereby Jinzhou Yangguang and Jinzhou New Century agreed to terminate the Proposed Transaction with effect from 28 August 2008. Notwithstanding the Termination Agreement, the pre-emptive right granted to Jinzhou Yangguang to purchase polysilicon from the New JV for a quantity which is no less than 40% of the New JV's polysilicon output, at the then prevailing market rate, will continue in full force and effect.

As a result of the termination of the Framework Agreement, the Company intends to apply the proceeds in the said amount of RMB62,400,000 (approximately HK\$71,305,000) for prepayment of polysilicon materials in order to secure stable source of such materials. The following table illustrate the change of the use of proceeds:

	Use of proceeds (as set out in the Prospectus) (HK\$'million)	Use of proceeds (Revised) (HK\$'million)
Investment in polysilicon suppliers	175	104
Prepayment of polysilicon materials	100	171

The directors of the Company (the “**Directors**”) (including the independent non-executive Directors) consider the above change in the use of proceeds was in line with the Company’s plan to secure stable source of high purity polysilicon at a stable price as stated in the Prospectus. The Directors (including the independent non-executive Directors) considered that the termination of the Framework Agreement would not have any significant adverse effect on the Company and therefore concluded that the above change in the use of proceeds is fair and reasonable and in the interest of the Company and its shareholders as a whole.

By order of the Board
Hsu You Yuan
Executive Director

Hong Kong, 28 August 2008

In this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rates of RMB1.00 to HK\$1.1427 for the purpose of illustration only.

As at the date of this announcement, the executive directors of the Company are Mr. Tan Wenhua, Mr. Hsu You Yuan, Ms. Zhang Liming; the non-executive directors of the Company are Mr. Chiao Ping Hai and Mr. Chong Kin Ngai; and the independent non-executive directors of the Company are Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun.