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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)

SUBSCRIPTION OF NEW SHARES

The Board is pleased to announce that on 16 May 2013 (after trading hours), the Company and two Subscribers entered into separate and independent Subscription Agreements, pursuant to which the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 222,220,000 Subscription Shares (as to 199,998,000 Subscription Shares for the First Subscriber and as to 22,222,000 Subscription Shares for the Second Subscriber) in cash at the Subscription Price of HK\$0.36 per Subscription Share.

The Subscription Shares represent 7.43% of the existing issued share capital as at the date of this announcement and approximately 6.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the General Mandate and the Subscription Agreements and the transactions contemplated thereunder are not subject to the approval by the Shareholders.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 16 May 2013 (after trading hours), the Company and two Subscribers entered into separate and independent Subscription Agreements in relation to the Subscription.

Date : 16 May 2013

Parties : (i) the Company as issuer
(ii) the First Subscriber
(iii) the Second Subscriber

The principal activity of the First Subscriber is investment holding. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the First Subscriber and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the First Subscriber holds 149,120,692 Shares, representing approximately 4.99% of the Shares in issue.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Second Subscriber is a PRC citizen and an Independent Third Party. As at the date of this announcement, the Second Subscriber does not have any interests in any Shares.

The Subscription Shares

The principal terms of each of the Subscription Agreements are the same except for the number of the Subscription Shares involved. The First Subscriber has conditionally agreed to subscribe for 199,998,000 Subscription Shares, representing 6.69% of the existing issued share capital as at the date of this announcement and approximately 6.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Second Subscriber has conditionally agreed to subscribe for 22,222,000 Subscription Shares, representing 0.74% of the existing issued share capital as at the date of this announcement and approximately 0.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.36 per Subscription Share represents:–

- (i) a discount of approximately 14.29% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange, on 16 May 2013, being the date of the Subscription Agreements;
- (ii) a discount of approximately 16.86% to the average closing price of approximately HK\$0.433 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreements; and
- (iii) a discount of approximately 14.08% to the average closing price of approximately HK\$0.419 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is expected to be approximately HK\$0.359 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading prices of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the other Shares in issue on the date of allotment of the Subscription Shares.

General Mandate to allot and issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate and the Subscription Agreements and the transactions thereunder are not subject to the approval by the Shareholders. The maximum number of Shares that can be issued under the General Mandate is 448,434,085 Shares. As at the date of this announcement, no portion of the General Mandate has been utilised. The Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the issue and allotment of the Subscription Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Condition precedent of the Subscription

The Subscription is conditional upon the listing of and permission to deal in the Subscription Shares being granted by the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

If the foregoing condition is not fulfilled on or prior to the 30 June 2013 (or such later date as may be agreed between the Company and the relevant Subscriber), the Subscription Agreements shall terminate and neither of the parties thereto shall have any claim against the others for any costs or damages, compensation or otherwise except any antecedent breach(es).

Each of the Subscription Agreements is not inter-conditional upon each other.

Completion of the Subscription

Subject to the fulfillment of the above condition precedent, completion of the Subscription shall take place on the third Business Day after the date upon which the above condition precedent has been satisfied (or such other date as the Company and the Subscribers may agree in writing).

Application for listing

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

CHANGE OF SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Subscription (assuming there is no change in the number of Shares in issue between the date of this announcement and the Completion Date other than the issue of the Subscription Shares) (*Note 1*):

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate % of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>Approximate % of the Company's issued share capital</i>
Directors				
Mr. Tan Wenhua (<i>Note 2</i>)	683,944,751	22.88	683,944,751	21.29
Mr. Hsu You Yuan	13,861,346	0.46	13,861,346	0.43
Mr. Chiao Ping Hai	6,135,500	0.21	6,135,500	0.19
Ms. Zhang Liming	3,133,500	0.10	3,133,500	0.10
The First Subscriber (<i>Note 3</i>)	149,120,692	4.99	349,118,692	10.87
The Second Subscriber	–	–	22,222,000	0.69
Public Shareholders (<i>Note 3</i>)	2,133,364,777	71.36	2,133,364,777	66.43
Total	<u>2,989,560,566</u>	<u>100</u>	<u>3,211,780,566</u>	<u>100</u>

Notes:

1. There are no options, warrants and convertible securities of the Company outstanding as at the date of this announcement.
2. Mr. Tan Wenhua was interested in an aggregate of 683,944,751 Shares, of which 155,320,308 Shares are held through You Hua Investment Corporation, a company wholly owned by Mr. Tan Wenhua.
3. As at the date of this announcement, the First Subscriber holds less than 10% of the Shares in issue and is not regarded as a connected person of the Company and therefore 149,120,692 Shares held by the First Subscriber are treated as being in public hands for purpose of Rule 8.24 of the Listing Rules. Immediately after completion of the Subscription, assuming there is no change in the number of Shares in issue between the date of this announcement and the Completion Date, the First Subscriber will hold more than 10% of the Shares in issue and will be regarded as a substantial Shareholder and therefore 349,118,692 Shares to be held by the First Subscriber upon completion of the Subscription will not be treated as being in public hands.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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

As disclosed in the announcements of the Company dated 2 November 2012 and 15 January 2013 and the prospectuses of the Company dated 26 November 2012 and 26 February 2013, the Group has encountered difficulties in its businesses and suffered a significant deterioration in financial performance since 2012. Based on the audited results of the Company for the year ended 31 December 2012 as set out in the Company's annual report, the Group recorded a loss attributable to Shareholders of approximately RMB1,276.55 million, as compared to a profit attributable to Shareholders of approximately RMB54.29 million for the year ended 31 December 2011, and the Group recorded a significant loss of approximately RMB1,318.59 million (before taxation) for the year ended 31 December 2012, as compared to a profit of approximately RMB34.13 million (before taxation) for the year ended 31 December 2011.

The Directors consider additional bank borrowings for the above capital requirements will increase the Group's overall gearing ratio and burden the Group with increased interest expenses, thereby exposing the Group to greater financial risk. As such, the Directors are of the view that the Subscription is in the interest of the Group as the increase in the capital base of the Group would strengthen the financial position of the Group in the face of a challenging operating environment in the solar industry. By entering into the Subscription Agreements, the Company can further expand its shareholders and capital base following the Open Offers (further details of which are set out in the paragraph headed "Equity fund raising activities in the past twelve months" of this announcement below) and enjoy more financial flexibility. The Directors consider that the Subscription Agreements were entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

The net proceeds of the Subscription of approximately HK\$79.7 million will be applied towards repayment of the Company's current outstanding interest-bearing bank loans.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

First Open Offer

Reference is made to the announcements of the Company dated 2 November 2012, 13 December 2012, 21 December 2012 and 4 January 2013 and the prospectus of the Company dated 26 November 2012. The Company has issued 249,130,047 new Shares pursuant to the First Open Offer on the basis of one offer Share for every nine existing Shares held on the record date for the First Open Offer at the subscription price of HK\$0.375 per offer Share. The net proceeds from the First Open Offer amounted to HK\$90 million and have all been utilized to repay the Company's current outstanding interest-bearing bank loans as initially intended.

Second Open Offer

Reference is made to the announcements of the Company dated 15 January 2013, 18 March 2013, 27 March 2013 and 10 April 2013 and the prospectus of the Company dated 26 February 2013. The Company has issued 498,260,094 new Shares pursuant to the Second Open Offer on the basis of one offer Share for every five existing Shares held on the record date for the Second Open Offer at the subscription price of HK\$0.51 per offer Share. The net proceeds from the Second Open Offer amounted to HK\$250 million and have all been utilized to repay the Company's current outstanding interest-bearing bank loans as initially intended.

Save for the First Open Offer and the Second Open Offer as described above, the Company had not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:–

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday) on which banks are generally open for business in Hong Kong
“Company”	Solargiga Energy Holdings Limited (stock code: 757), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	date of completion of the Subscription
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“First Open Offer”	the issue by way of an open offer 249,130,047 offer Shares by the Company on the basis of one offer Share for every nine existing Shares held on 23 November 2012 at the subscription price of HK\$0.375 per offer Share
“First Subscriber”	Hiramatsu International Corp., the subscriber who has conditionally agreed to subscribe for 199,998,000 Subscription Shares under the Subscription Agreement

“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with up to 448,434,085 Shares at the annual general meeting of the Company held on 28 June 2012
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Open Offers”	the First Open Offer and the Second Open Offer
“PRC”	the People’s Republic of China
“Second Open Offer”	the issue by way of an open offer 498,260,094 offer Shares by the Company on the basis of one offer Share for every five existing Shares held on 25 February 2013 at the subscription price of HK\$0.51 per offer Share
“Second Subscriber”	Ms. Ding Chenxi (丁晨曦女士)
“Share(s)”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the First Subscriber and the Second Subscriber
“Subscription”	the subscription for the Subscription Shares by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	two separate and independent subscription agreements dated 16 May 2013 and entered into between the Company and each of the Subscribers in respect of the Subscription

“Subscription Price”	the subscription price of HK\$0.36 per Subscription Share
“Subscription Shares”	a total of 222,220,000 new Shares to be allotted and issued by the Company pursuant to the Subscription Agreements, of which the First Subscriber and Second Subscriber will subscribe for 199,998,000 new Shares and 22,222,000 new Shares, respectively
“%”	per cent.

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

Hong Kong, 16 May 2013

Should there be any inconsistency between the English and the Chinese versions of this announcement, the English version shall prevail.

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