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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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 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 — Capi tal Injection" in the Letter from the Board of this circular
"Claim"	any litigation, claim, arbitr ation, settlement, judgment, inquiry, investigation or other process initiated by or brought to any government authorities
"Company"	Solargiga Energy Holdings Limited ( ) (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

“Guotai Junan”	Guotai Junan Securities Co., Ltd. ( ), a joint stock limited company incorporated in the PRC in August

"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. (, formerly known as), 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

"Repurchase Option"	the right of the Investors to request 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 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 — (I) 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 Qujing Yangguang, Jinzhou Yangguang, the remaining shareholders of Qujing 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

"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)* ( ), 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.* ( ), a limited liability company established under the laws of the PRC

"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

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Solargiga Energy Holdings Limited

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 757)

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
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(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

(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

(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).

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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").

(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 Qujing Shares ("Share Compensation") to the extent that it will not result in Jinzhou Yangguang's shareholding interest in Qujing Yangguang falling below 31% and

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

Notes:

1. The maximum amount of compensation is calculated by taking the highest possible value of

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 (Note 1)	Share Compensation (Note 2)	Monetary Compensation (Note 2)	Total Compensation Amount (Notes 2 and 3)
	(RMB)	(RMB'000)	(RMB'000)	(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

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

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:

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 prior compensation ("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

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 (Note 1)	Share Compensation (Note 2)	Monetary Compensation (Note 2)	Total Compensation Amount (Notes 2 and 3)
	(RMB)	(RMB'000)	(RMB'000)	(RMB'000)
2022	8.695	198,851 (Note 4)	31,133 (Note 4)	229,984
2023	4.3475	—	245,566 (Note 5)	245,566
2024	2.17375	—	133,883 (Note 6)	133,883

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

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 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 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 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

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") (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	1,094 (374+360+360)	258,451	75,535
Second Investor, Third Investor, Fourth Investor, Fifth Investor and Sixth Investor	205,000	1,025 (305+360+360)	211,930	56,981
Seventh Investor	5,000	1,012 (292+360+360)	5,169	1,367
		Total	475,550	133,883

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.

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 Qujing 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 Qujing 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 Qujing Yangguang and Jinzhou Youhua for the second half of 2022, approximately 2,x 2-451t(he)-450.5(t)

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

Based on the preliminary review of the unaudited management accounts of Qujing 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 Qujing 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 Qujing 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 Qujing 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 Qujing 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 Qujing 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 Qujing Yangguang for the second half of each year amounted to approximately 73.67% and 55.09% of Qujing Yangguang's total net profit after tax for the whole of each year, respectively.

The continuing expansion of production capacity (including the use of approximately RMB80,000,000 proceeds from the Capital Injection for

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.

(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

(l) 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:

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

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 Qujing Yangguang, Jinzhou Yangguang and the remaining shareholders of Qujing Yangguang in respect of the issue of a total of 26,453,866 Qujing Shares at a total consideration of RMB460,000,000. In addition to Qujing Yangguang, Jinzhou Yangguang and the remaining shareholders of Qujing 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.

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 Qujing Yangguang's audited financial statements are to be prepared for any proposed listing of Qujing Yangguang on a stock exchange acceptable to the Investors), provided that Qujing 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 Qujing 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 Qujing 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 Qujing 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

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 s294 1(ir)-iss4.4(

(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.

(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 other 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

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

(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

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

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

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 the Latest Practicable Date		Immediately after completion of the Capital Injection	
	Number of Qujing Shares held	Shareholding Percentage (%)	Number of Qujing Shares held	Shareholding Percentage (%)

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* ( ), 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 ( ) and Mr. Wang Michael Chou ( ). 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, Qujing 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 Qujing 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.

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 ( ).

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

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