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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)

CAPITAL INJECTION INTO JIANGSU YUEYANG PHOTOVOLTAIC TECHNOLOGY CO., LTD. DISCLOSEABLE TRANSACTION

CAPITAL INJECTION AGREEMENT

The Board is pleased to announce that on 31 March 2020, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, the Other Investors and the Target Company entered into the Capital Injection Agreement, pursuant to which Jinzhou Yangguang agreed to inject a capital of RMB18 million into the Target Company by way of cash contribution. At the date of this announcement, Jinzhou Yangguang holds 15% equity interest in the Target Company. Upon completion of the Capital Injection, Jinzhou Yangguang will hold 28% equity interest in the Target Company.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratio (as defined in the Listing Rules) in respect of the capital injection of RMB18 million by Jinzhou Yangguang into the Target Company, when aggregated with the capital contributions of RMB15 million by Jinzhou Yangguang since the establishment of the Target Company on 19 June 2019 pursuant to Rule 14.22 of the Listing Rules, exceeds 5% but does not exceed 25%, the capital injection of an aggregate amount of RMB33 million into the Target Company by Jinzhou Yangguang will therefore constitute a disclosable transaction for the Company under the Listing Rules.

CAPITAL INJECTION AGREEMENT

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Parties

- (1) Jinzhou Yangguang
- (2) Other Investors
- (3) Target Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Other Investors and their ultimate beneficial owner(s) is an Independent Third Party.

Capital Injection

Immediately prior to the Capital Injection, the registered capital of the Target Company was RMB100 million, of which approximately RMB66,500,000 was paid and Jinzhou Yangguang owned 15% equity interest in the Target Company.

Under the terms of the Capital Injection Agreement, Jinzhou Yangguang agreed to inject a capital of RMB18 million into the Target Company by way of cash contribution. The amount of the Capital Injection was determined after arm's length negotiation between Jinzhou Yangguang with reference to the estimated funding and general working capital required for the operation of the Target Company for the purposes described in the section headed "Reasons for and the Benefits of the Capital Injection" below. Upon completion of the Capital Injection, the Target Company will be held as to 28% by Jinzhou Yangguang and the total registered capital of the Target Company will be increased from RMB100 million to RMB118 million.

The amount of the Capital Injection in the amount of RMB18 million to be contributed by Jinzhou Yangguang will be funded by the Group's internal resources.

Completion

Completion shall take place immediately after the signing of the Capital Injection Agreement.

Pursuant to the Capital Injection Agreement, after completion of the Capital Injection, there will be no change to the board of directors of the Target Company. It will continue to consist of seven members, two of whom shall be nominated by Jinzhou Yangguang.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in the PRC with limited liability. Further information on the Target Company as at the date of this announcement is set out below:

(a) Corporate Information

Name	:	Jiangsu Yueyang Photovoltaic Technology Co., Ltd. (江蘇悅陽光伏科技有限公司)
Date of incorporation	:	19 June 2019
Place of incorporation	:	PRC
Scope of business	:	Mainly engaged in photovoltaic technology development, consulting, communication, transfer, promotion, and solar energy storage materials and product manufacturing
Registered capital immediately prior to the Capital Injection	:	RMB100,000,000 (paid up to approximately RMB66,500,000)
Registered capital immediately after the Capital Injection	:	RMB118,000,000

(b) Financial information

For the year ended 31 December 2019

Unaudited total asset value as at 31 December 2019	:	RMB568,366,000
Unaudited net asset value as at 31 December 2019	:	RMB70,260,000
Unaudited revenue for the year ended 31 December 2019	:	RMB284,998,000
Unaudited net profit before tax for the year ended 31 December 2019	:	RMB5,012,000
Unaudited net profit after tax for the year ended 31 December 2019	:	RMB3,759,000

Following completion of the Capital Injection, the registered capital of the Target Company will be increased from RMB100 million to RMB118 million, which shall be owned as to 28% by Jinzhou Yangguang. The Target Company will become an associate of the Company and the financial results of the Target Company will be accounted for in the consolidated financial statements of the Group under the equity method.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Target Company was established on 19 June 2019 in the PRC with limited liability, which mainly engaged in photovoltaic technology development, consulting, communication, transfer, promotion, and solar energy storage materials and product manufacturing. The Target Company has a photovoltaic capacity of 1.2GW. Prior to the Capital Injection and as at the date of this announcement, the Group held 15% equity interest in the Target Company with a total investment amount of RMB15 million. The Target Company intends to utilise the proceeds from the Capital Injection for expansion of module business and its general working capital.

After the completion of the Capital Injection, the Group will be able to more effectively utilise the 1.2GW module capacity of the Target Company. In addition to the existing module capacity of the Group, the Group will effectively command module capacity of 3.5GW. In addition, driven by the strong demands from downstream photovoltaic module customers, the Company's competitive advantage in terms of costs effectiveness will be strengthened in relation to the vertical integration strategy. The Directors consider that it would be in the interest of the Company and its Shareholders as a whole for Jinzhou Yangguang's further capital injection of RMB18 million into the Target Company to meet its working capital requirements for expansion of module business.

The Directors also consider that the Capital Injection will strengthen the Target Company's capital base which in turn will meet its capital needs and facilitate the growth of the module business of the Group.

Taking into account the benefits of the Capital Injection described above, the Directors (including the independent non-executive Directors) believe that the Capital Injection is in the interest of the Company and the terms of the Capital Injection Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP AND JINZHOU YANGGUANG

The Group is a leading supplier of upstream and downstream vertical integrated solar energy services. Its products are not only sold to the customers in the upstream and mid-stream industries but also directly sold to end customers. Accordingly, each and every photovoltaic product is for external sale, which includes the manufacture and sales of monocrystalline silicon solar ingots and wafers; the manufacture and sales of photovoltaic cells; the manufacture and sales of photovoltaic modules; the installation of

photovoltaic systems; and construction of photovoltaic power plant. Its business scope covers the whole industrial chain of the photovoltaic industry, focusing on providing one-stop solar energy service.

Jinzhou Yangguang Energy Co., Ltd. (錦州陽光能源有限公司), a limited liability company incorporated under the laws of the PRC which is wholly-owned by the Company as at the date of this announcement.

INFORMATION ON OTHER INVESTORS

Other Investors include:

Jack Win Investment Holdings Limited, a body corporate incorporated in Hong Kong on 16 December 2009, which is principally engaged in general business, property investment and investment holdings. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, its ultimate beneficial owner is an Independent Third Party.

Wintek International Corp., a long term international company incorporated in Samoa on 3 May 2002, which is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, its ultimate beneficial owner is an Independent Third Party.

Jianhu Huimei Investment Centre* (建湖匯美投資中心), a limited partnership incorporated under the laws of the PRC, established on 27 June 2019, which is principally engaged in corporate investment services. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, its ultimate beneficial owners are Independent Third Parties.

Jianhu Hongchuang Emerging Industry Fund* (建湖縣宏創新興產業基金), a limited partnership registered under the laws of the PRC, established on 19 August 2019, which is principally engaged in industrial investment, entrusted management of private equity investment funds, asset management and investment consulting. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, its ultimate beneficial owner is Jianhu County State-owned Assets Investment Management Co., Ltd.* (建湖縣國有資產投資管理有限公司), which is under the management of the Jianhu County People's Government* (建湖縣人民政府).

Jianhu High-tech Investment Development Co., Ltd.* (建湖縣高新投資發展有限公司), a limited liability company incorporated on 17 October 2012 under the laws of the PRC, which is principally engaged in project investment, real estate development and management, infrastructure construction in high-tech parks and sales of building and decoration materials. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, its ultimate beneficial owner is the Jianhu County People's Government* (建湖縣人民政府).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Other Investors and their ultimate beneficial owner(s) is an Independent Third Party.

INFORMATION ON TARGET COMPANY

The Target Company is principally engaged in the manufacturing of photovoltaic modules and undertaking, design and installation of photovoltaic systems and engineering. As at the date of this announcement, the Target Company's equity interest is held as to 15% by Jinzhou Yangguang and 85% by the Other Investors.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratio (as defined in the Listing Rules) in respect of the capital injection of RMB18 million by Jinzhou Yangguang into the Target Company, when aggregated with the capital contributions of RMB15 million by Jinzhou Yangguang since establishment of the Target Company on 19 June 2019 pursuant to Rule 14.22 of the Listing Rules, exceeds 5% but does not exceed 25%, the capital injection of an aggregate amount of RMB33 million into the Target Company by Jinzhou Yangguang will therefore constitute a disclosable transaction for the Company under the Listing Rules.

DEFINITIONS

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“Board”	the board of Directors of the Company
“Capital Injection”	the capital injection in the amount of RMB18 million by Jinzhou Yangguang, to the registered capital of the Target Company by way of cash contribution pursuant to the Capital Injection Agreement
“Capital Injection Agreement”	a capital injection agreement entered into by Jinzhou Yangguang, Other Investors and the Target Company dated 31 March 2020 in respect of the Capital Injection
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 757)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“GW”	gigawatt
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or company(ies) who or which is/are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and is/are not connected with the Company and its connected persons (within the meaning of the Listing Rules)
“Jinzhou Yangguang”	Jinzhou Yangguang Energy Limited (錦州陽光能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company at the date of the announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Investors”	include 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)
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” Jiangsu Yueyang Photovoltaic Technology Co., Ltd. (江蘇悅陽
光伏科技有限公司), a company established in the PRC with
limited liability on 19 June 2019, which mainly engaged in
photovoltaic technology development, consulting,
communication, transfer, promotion, and solar energy storage
materials and product manufacturing

“%” per cent.

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

Hong Kong, 31 March 2020

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

* *For identification only*