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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)

CONNECTED TRANSACTION PREPAYMENT AGREEMENT

Reference is made to the announcement of the Company dated 3 November 2010 and the circular of the Company dated 15 December 2010 in connection with, among other things, the Framework Supply Agreement whereby WWX agreed to supply, or procure its subsidiaries to supply, among other things, Polysilicon Materials to the Group from time to time for a term commencing on 1 January 2011 and ending on 31 December 2013. The transactions between the Group and WWX under the Framework Supply Agreement constitute continuing connected transactions for the Company under the Listing Rules. On 26 January 2011, the Framework Supply Agreement and the annual caps for the three years ending 31 December 2013 contemplated thereunder were approved by the Independent Shareholders.

In furtherance of the Framework Supply Agreement, on 16 May 2011, Wealthy Rise (a wholly owned subsidiary of the Company) and WWX entered into the Prepayment Agreement whereby Wealthy Rise agreed to pay to WWX the Prepayment in the amount of US\$16,441,125 (equivalent to approximately HK\$127,418,719) for the Polysilicon Materials as may be supplied by WWX to Wealthy Rise during the term of the Framework Supply Agreement. The Prepayment will be applied by WWX for the payment of approximately 15% of the purchase price payable by Wealthy Rise to WWX for the delivery of Polysilicon Materials to Wealthy Rise. The Prepayment will be financed by internal resources of the Group.

WWX is a substantial Shareholder and hence a connected person of the Company for the purpose of the Listing Rules. Consequently, the Prepayment to WWX will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable ratios in respect of the Prepayment will be more than 0.1% but less than 5%, the Prepayment Agreement and the transactions contemplated thereunder will be subject to the reporting and announcement requirements but will be exempt from the Independent Shareholders' approval requirement under the Listing Rules.

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PRINCIPAL TERMS OF THE PREPAYMENT AGREEMENT

Date: 16 May 2011

Parties: (a) Wealthy Rise, a wholly-owned subsidiary of the Company
(b) WWX

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, WWX holds 100% interests in WWIC. WWIC holds approximately 19.05% interests in the Company. Each of WWX and WWIC is therefore a substantial Shareholder and hence a connected person of the Company.

Terms: (a) Wealthy Rise is required to pay WWX the Prepayment in the amount of US\$16,441,125 (equivalent to approximately HK\$127,418,719), which was arrived at after arm's length negotiation between Wealthy Rise and WWX with reference to the amount of prepayment paid by WWX to its independent suppliers for the Polysilicon Materials. This amount includes the prepayment for future product deliveries. No interest is payable to Wealthy Rise in respect of the Prepayment. Wealthy Rise is required to make the Prepayment to WWX in full on or before 10 December 2011, failing which WWX is entitled to default interest on the outstanding amount of the Prepayment at the rate of 18% per annum.

(b) The Prepayment will be applied by WWX for the payment of approximately 15% of the purchase price payable by Wealthy Rise for the delivery of Polysilicon Materials to Wealthy Rise.

- (c) In the event that WWX is in default of its obligations under the Prepayment Agreement which results in the termination of the Prepayment Agreement, WWX shall return the balance of the Prepayment to Wealthy Rise. In the event that Wealthy Rise is in default of its obligations under the Prepayment Agreement which results in the termination of the Prepayment Agreement, WWX is entitled to forfeit the balance of the Prepayment.

The Prepayment will be financed by internal resources of the Group. The annual caps under the Framework Supply Agreement for the three years ending 31 December 2013 shall remain valid and unchanged. The Directors (including the independent non-executive Directors) consider that the terms of the Prepayment Agreement are on normal commercial terms, in the ordinary course of the Group's business, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is one of the leading manufacturers of monocrystalline silicon 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) upgrading and trading of polysilicon; (d) production and sales of monocrystalline photovoltaic cells; (e) production and sales of monocrystalline and multicrystalline photovoltaic modules; and (f) design and installation of photovoltaic systems.

INFORMATION OF WWX

WWX is established in Taiwan and whose securities are listed on the Taiwan Gre Tai Securities Market. WWX and its subsidiaries are engaged in the manufacturing and sales of semiconductor wafers and related products in the semiconductor industry, as well as sales and distribution of solar ingots and solar wafers to the companies incorporated or registered in Taiwan.

REASONS FOR THE PAYMENT OF THE DEPOSIT

Owing to limited availability of polysilicon materials, it is an industry practice that polysilicon customers, including companies which are engaged in the production of products such as wafer and solar industry silicon products (including the Group), are typically required to pay a significant upfront deposit or prepayment to suppliers. We are informed by WWX that for purposes of meeting its obligations to supply polysilicon materials to the Group, WWX will source polysilicon materials from independent suppliers and will also be required to pay a significant deposit in line with industry practice. By entering into the Prepayment Agreement, the Group will be able to secure a stable supply of Polysilicon Materials for the Group's production which is considered by the Directors to be of strategic importance to the Group's long-term development.

Mr. Chiao Ping Hai, a non-executive Director, is also a director of both WWX and WWIC. Mr. Chiao Ping Hai is also a beneficial owner of 6,135,500 Shares, representing approximately 0.34% of the issued capital of the Company as at the date of this announcement. He will abstain from voting on the resolutions approving the Prepayment Agreement. Save as the aforesaid, no Director has any material interest in the Prepayment Agreement and therefore none of the other Directors were required to abstain from voting on the resolutions approving the Prepayment Agreement.

LISTING RULES IMPLICATIONS

WWX is a substantial Shareholder and hence a connected person of the Company for the purpose of the Listing Rules. Consequently, the Prepayment to WWX will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable ratios in respect of the Prepayment is more than 0.1% but less than 5%, the Prepayment Agreement and the transactions contemplated thereunder will be subject to the reporting and announcement requirements but will be exempt from the Independent Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Solargiga Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“Framework Supply Agreement”	the framework supply agreement dated 3 November 2010 between the Company and WWX pursuant to which WWX agreed to supply, or procure its subsidiaries to supply, among other things, Polysilicon Materials to the Group from time to time for a term commencing on 1 January 2011 and ending on 31 December 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	the Shareholders other than WWIC, WWX and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Prepayment”	an amount of US\$16,441,125 (equivalent to approximately HK\$127,418,719) payable by Wealthy Rise to WWX on and subject to the terms of the Prepayment Agreement
“Prepayment Agreement”	the agreement dated 16 May 2011 between Wealthy Rise and WWX in respect of the sale and purchase of Polysilicon Materials and the Prepayment
“Polysilicon Materials”	polysilicon raw materials
“Shareholders”	shareholders of the Company
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar

“Wealthy Rise”

Wealthy Rise International Limited (鉅升國際有限公司), a company incorporated in Hong Kong with limited liability on 21 June 2007, is an indirect wholly-owned subsidiary of the Company

“WWIC”

Wafer Works Investment Corp., an investment holding company incorporated in Samoa and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, WWIC holds approximately 19.05% interests in the Company as at the date of this announcement and hence a substantial Shareholder and a connected person of the Company

“WWX”

Wafer Works Corp., a company established in Taiwan and whose securities are listed on the Taiwan Gre Tai Securities Market. To the best of the Director’s information and belief and having made all reasonable enquiries, as at the date of this announcement, WWX holds 100% interests in WWIC and is regarded as a substantial Shareholder and hence a connected person of the Company

By order of the Board
Solargiga Energy Holdings Limited
Hsu You Yuan
Director

Hong Kong, 16 May 2011

For the purpose of this announcement, the exchange rate of US\$1.00=HK\$7.75 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ have been, could have been or may be converted at such rate or any other exchange rate.

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