

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION

ACQUISITION OF 17.80% EQUITY INTEREST IN JINZHOU MOTECH

THE ACQUISITION

The Board wishes to announce that on 29 March 2018, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Vendor agreed to sell and Jinzhou Yangguang has agreed to acquire from the Vendor 17.80% equity interest in the Target Company for a consideration of RMB9,960,000. 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, Jinzhou Yangguang owns 96% interest in its subsidiary, Jinzhou Jinmao, which owns 75.89% interest in the Target Company and Jinzhou Jinmao will continue to own 75.89% interest in the Target Company. The Target Company will therefore become a 93.69% subsidiary of the Company after completion of the Acquisition.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor holds 17.80% equity interest in the Target Company. As the Target Company is not an insignificant subsidiary, the Vendor, which is a substantial shareholder at the subsidiary level, is regarded as a connected person under Rule 14A.09 of the Listing Rules. Consequently, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) other than the profits ratio are more than 1% but less than 5%, the Acquisition is a de minimis transaction under Rule 14A.76(2)(a) of the Listing Rules and is exempt from the circular (including independent financial advice) and Shareholders' approval requirements.

INTRODUCTION

The Board wishes to announce that on 29 March 2018, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Vendor agreed to sell and Jinzhou Yangguang has agreed to acquire from the Vendor 17.80% equity interest in the Target Company for a consideration of RMB9,960,000. 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, Jinzhou Jinmao, a subsidiary of Jinzhou Yangguang, owns 75.89% interest in the Target Company and Jinzhou Jinmao will continue to hold the said 75.89% interest in the Target Company after Completion. After Completion, Jinzhou Yangguang will hold 17.80% interest in the Target Company. The Target Company will therefore become a 93.69% subsidiary of the Company after completion of the Acquisition.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

29 March 2018

Parties

- (i) Vendor: Motech Suzhou
- (ii) Purchaser: Jinzhou Yangguang, a wholly-owned subsidiary of the Company

Equity Interests to be acquired

Pursuant to the Agreements, Jinzhou Yangguang has agreed to acquire and the Vendor has agreed to sell all of his 17.80% equity interest in the Target Company at a cash consideration of RMB9,960,000. As at the date of this announcement, the Target Company has a registered capital of RMB64,040,000.

Before the Acquisition, Jinzhou Yangguang owns 96% interest in its subsidiary, Jinzhou Jinmao, and Jinzhou Jinmao owns 75.89% interest in the Target Company. After completion, Jinzhou Yangguang will hold 17.80% interest in the Target Company, and Jinzhou Jinmao will continue to own 75.89% interest in the Target Company. The Target Company will therefore become a 93.69% subsidiary of the Company after completion of the Acquisition.

Consideration

The consideration for the Acquisition is RMB9,960,000. The consideration was arrived at after arm's length negotiations between Jinzhou Yangguang and the Vendor and was determined with reference to the Target Company's net value by deducting the amount of distributable retained earnings from the net asset value in the reviewed financial statements as at 28 February 2018. The said consideration for the Acquisition is payable by Jinzhou Yangguang in cash upon Completion and is funded by the internal resources of the Group.

Completion

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

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company incorporated under the PRC law. Further information on the Target Company as at the date of this announcement is set out below:

(a) Corporate information

Name	:	Jinzhou 錦州陽光茂迪新能源有限公司 (Jinzhou Yangguang Motech Renewable Energy Co., Ltd.*)
Date of incorporation	:	26 October 2015
Place of incorporation	:	the PRC
Scope of business	:	Manufacturing of photovoltaic modules and undertaking, design and installation of photovoltaic systems and engineering
Registered capital	:	RMB64,040,000 (fully paid-up)

(b) Financial information

For the year ended 31 December 2017

Audited total asset value as at 31 December 2017	:	RMB359,489,000
Audited net asset value as at 31 December 2017	:	RMB96,489,000
Audited net profit after tax for the year ended 31 December 2017	:	RMB2,022,000

INFORMATION ABOUT THE VENDOR

The Vendor principally engaged in the research, development, and manufacture of high quality solar products and services, ranging from Photovoltaic (PV) cells, PV modules to PV power systems.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, the Vendor hold 17.80% equity interest in the Target Company. As the Target Company is not an insignificant subsidiary, the Vendor, which is a substantial shareholder at the subsidiary level, is regarded as a connected person under Rule 14A.09 of the Listing Rules. Consequently, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) other than the profits ratio are more than 1% but less than 5%, the Acquisition is a de minimis transaction under Rule 14A.76(2)(a) of the Listing Rules and is exempt from the circular (including independent financial advice) and Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save as being a substantial shareholder of the Target Company, the Vendor and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR THE ACQUISITION

The Group is a leading supplier of upstream and downstream vertically integrated photovoltaic products and services in the PRC. We sell our photovoltaic products to upstream, midstream and end-user customers in photovoltaic industry. We focus on the vertical integration for photovoltaic monocrystalline products, providing one-stop solutions for the photovoltaic industry ranging from the manufacturing and sales of silicon ingots and wafers, photovoltaic cells and photovoltaic modules, the installation of photovoltaic system and the development, design, construction, operation and maintenance of photovoltaic generation plants. Apart from not self-manufacturing polysilicon, the scope of its business covers the whole industry chain of photovoltaic industry.

The Directors consider that the Acquisition is in line with the business plan of the Company and the Acquisition allows the Group to simplify the shareholder structure of Jinzhou Motech and Jinzhou Jinmao, and to facilitate the further future consolidation of multiple photovoltaic module manufacturing companies into one photovoltaic module manufacturing company with larger capacity. This will enable the Group to centralise management and improve efficiency. In addition to maximising economies of scale, it is expected to improve the Group's module manufacturing company in obtaining larger module orders and also participate in larger-scale tenders.

Accordingly, the Directors (including the independent non-executive Directors) believe that the Acquisition is in the best interest of the Company and the terms of the Agreements are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

Jinzhou Jinmao is principally engaged in research and development, design, production and sales of photovoltaic modules and provision of comprehensive services as an integrated business and operates as the production base for the photovoltaic modules business of the Group.

Jinzhou Yangguang is incorporated in the PRC and principally engaged in the manufacturing and processing of monocrystalline silicon wafers. As at the date of this announcement, Jinzhou Yangguang holds 96% equity interest in Jinzhou Jinmao.

The Target Company is principally engaged in the manufacturing of photovoltaic modules and undertaking, design and installation of photovoltaic systems and engineering.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of 17.80% equity interest in the Target Company in accordance with the terms of the Agreements
“Agreement”	the equity transfer Agreement dated 29 March 2018 made between Jinzhou Yangguang as purchaser and the Vendor in relation to the sale and purchase of 17.80% equity interests in the Target Company
“Board”	the board of Directors of the Company
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreements
“Consideration”	the consideration payable by the Purchaser to the Vendors under the Agreements
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and its connected persons
“insignificant subsidiary”	has the meaning ascribed to in under Rule 14A.09 of the Listing Rules
“Jinzhou Jinmao”	錦州陽光錦懋光伏科技有限公司 (Jinzhou Yangguang Jinmao Photovoltaic Technology Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of the Company
“Jinzhou Yangguang”	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
“KWh”	Kilowatt hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China
“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”	錦州陽光茂迪新能源有限公司 (Jinzhou Yangguang Motech Renewable Energy Co., Ltd.*), a company established in the PRC with limited liability, on 26 October 2015. It principally engages in the manufacturing of photovoltaic modules and undertaking, design and installation of photovoltaic systems and engineering

* For identification only

“Vendor” 茂迪(蘇州)新能源有限公司 (Motech (Suzhou) Renewable Energy Co., Ltd.*), a company established in the PRC with limited liability, on 31 December 2006. It principally engaged in the research, development, and manufacture of high quality solar products and services, ranging from Photovoltaic (PV) cells, PV modules to PV power systems

“%” per cent

By Order of the Board
Solargiga Energy Holdings Limited
Wang Junze
(formerly known as Wang Chunwei)
Executive Director

Hong Kong, 29 March 2018

As at the date of this announcement, Mr. Tan Wenhua (Chairman), Mr. Tan Xin and Mr. Wang Junze (formerly known as Wang Chunwei) 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 Mr. Zhang Chun are independent non-executive Directors of the Company.

* For identification only