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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY TO A NON-WHOLLY OWNED SUBSIDIARY**

#### **THE EQUITY TRANSFER**

On 25 February 2022 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into Equity Transfer Agreement with the Purchaser (an indirect non-wholly owned subsidiary of the Company), pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire equity interest in the Target Company at consideration of approximately RMB227,369,000.

#### **LISTING RULES IMPLICATION**

As the equity interest indirectly held by the Group in the Target Company will be reduced from 100% to 53.7% upon Completion, the transactions contemplated under the Equity Transfer Agreement constitute disposal of equity interest in the Target Company.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Disposal, exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements but is exempt from Shareholders' approval requirements under Chapter 14 of the Listing Rules. The applicable percentage ratios were calculated taking into account the net effect that the Disposal has on the consolidated financial statements of the Group in accordance with Listing Decision HKEx-LD62-2 (November 2008).

## **BACKGROUND**

The Board is pleased to announce that, on 25 February 2022 (after trading hours), the Vendor entered into Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire equity interest in the Target Company at consideration of approximately RMB227,369,000.

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are as follows:

### **Date**

25 February 2022

### **Parties**

- (a) Vendor (a wholly-owned subsidiary of the Company); and
- (b) Purchaser (an indirect non-wholly owned subsidiary of the Company).

## **THE DISPOSAL**

Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the entire equity interest in Target Company.

## **CONSIDERATION**

Pursuant to the Equity Transfer Agreement, the Consideration payable by the Purchaser is approximately RMB227,369,000 and such consideration shall be settled on or before 30 June 2022.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser, with reference to the valuation report based on asset-based approach on the entire equity interest in the Target Company of approximately RMB227,369,000, as at 31 October 2021 prepared by Canwin Appraisal Co., Ltd (坤元資產評估有限公司), an independent valuer engaged by the Group.

The Directors consider the Consideration is determined after arm's length negotiation and is fair and reasonable and on normal commercial terms and that the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **COMPLETION**

Completion shall take place upon completion of the relevant industrial and commercial registration of changes.

As at the date of this announcement, the Target Company is wholly owned by the Vendor. Since the Purchaser is a company indirectly owned as to approximately 53.7% by the Company and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement, the Target Company will be wholly owned by the Purchaser and the Group's equity interest in the Target Company will be reduced from 100% to 53.7% upon Completion.

## 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	:	Jinzhou Youhua Silicon Materials Co., Ltd. (錦州佑華硅材料有限公司)
Date of establishment	:	12 September 2008
Place of establishment	:	PRC
Scope of business	:	Principally engaged in manufacturing and trading of monocrystalline ingots and wafers
Registered capital	:	RMB320,000,000

### (b) Financial information

The following table sets out the profit/(loss) before tax and profit/(loss) after tax of Target Company for the two financial years ended 31 December 2020 and the ten months ended 31 October 2021:

	<b>For the ten months ended 31 October 2021</b>	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Profit/(loss) before tax	79,546	41,887	(26,938)
Profit/(loss) after tax	62,587	40,155	(26,938)

The audited net asset value of Target Company as at 31 October 2021 was approximately RMB145,856,000.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

The Purchaser is principally engaged in manufacturing and trading of monocrystalline ingots and wafers and the Group intends to gradually transfer its subsidiaries with similar business to the Purchaser. Therefore, the Purchaser and its subsidiaries will become the main business unit engaged in manufacturing and trading of monocrystalline ingots and wafers within the Group so that the Purchaser and its subsidiaries can strengthen the recourse conformity ability which in turn can enhance their operation efficiency. The Board is of the view that the Equity Transfer is in the best interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) have reviewed the Equity Transfer and are of the view that the Equity Transfer is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE FINANCIAL IMPACT ON THE EQUITY TRANSFER**

Upon Completion, the equity interest indirectly held by the Group in the Target Company will be reduced from 100% to 53.7%. Nevertheless, the Target Company remains as a subsidiary of the Company and hence the assets and liabilities and performance of the Target Company are continued to be accounted into the consolidated financial statements of the Group.

As such, upon Completion, no gain or loss is expected to be recorded by the Company on a consolidated basis due to the intra-group nature of the transaction. The Group intends to apply the net proceeds from the Equity Transfer, after deducting expenses in relation to the Equity Transfer, for the repayment of existing debt and general working capital.

## **INFORMATION OF THE PURCHASER**

The Purchaser, is a joint stock limited company incorporated in PRC. It is indirectly owned as to approximately 53.7% by the Company and hence an indirect non-wholly owned subsidiary of the Company as at the date of this announcement. It is principally engaged in manufacturing and trading of monocrystalline ingots and wafers.

## **INFORMATION ON THE GROUP AND THE VENDOR**

The Group focuses on the manufacturing and sales of upstream monocrystalline silicon ingots and wafers and downstream photovoltaic modules in the photovoltaic industry. Among them, the major customers of monocrystalline silicon ingots and wafers are large midstream solar cell manufacturers and the major customers of photovoltaic modules are large domestic state-owned enterprises, multinational corporations and other photovoltaic end-user customers. Moreover, the Group is engaged in the installation of photovoltaic systems and the development, design, construction, operation and maintenance of photovoltaic generation plants.

The Vendor, a limited company incorporated in Hong Kong, is a wholly-owned subsidiary of the Company as at the date of this announcement, and is principally engaged in the trading of photovoltaic products.

## **LISTING RULES IMPLICATION**

As the equity interest indirectly held by the Group in the Target Company will be reduced from 100% to 53.7% upon Completion, the transactions contemplated under the Equity Transfer Agreement constitute disposal of equity interest in the Target Company.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Disposal, exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements but is exempt from Shareholders' approval requirements under Chapter 14 of the Listing Rules. The applicable percentage ratios were calculated taking into account the net effect that the Disposal has on the consolidated financial statements of the Group in accordance with Listing Decision HKEx-LD62-2 (November 2008).

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Board”	the board of Directors
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司) (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
“Completion”	completion of the Equity Transfer pursuant to the terms and conditions of the Equity Transfer Agreement
“Consideration”	the consideration for the Equity Transfer payable by the Purchaser to the Vendor under the Equity Transfer Agreement
“Disposal”	the disposal of the Group's interest of approximately 46.3% in the Target Company upon Completion of the Equity Transfer Agreement
“Director(s)”	director(s) of the Company
“Equity Transfer”	the transfer of the equity interests of Target Company pursuant to the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor and the Purchaser on 25 February 2022 in relation to the equity transfer of the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Purchaser”	Qujing Yangguang Energy Silicon Materials Co., Ltd. (曲靖阳光新能源股份有限公司), a joint stock limited company incorporated in PRC, is a company indirectly owned as to approximately 53.7% by the Company and hence an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jinzhou Youhua Silicon Materials Co., Ltd. (錦州佑華硅材料有限公司), a limited company incorporated in PRC, is an indirect wholly-owned subsidiary of the Company as at the date of this announcement, details of which are set out in the paragraph headed “Information on the Target Company” in this announcement
“Vendor”	Solargiga Energy (Hong Kong) Company Limited, a limited company incorporated in Hong Kong, is a wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

**Completion of the Disposal is conditional upon the satisfaction of certain conditions; as such the Disposal may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution.**

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

Hong Kong, 25 February 2022

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