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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 ACQUISITION OF 17.8% EQUITY INTEREST IN JIANGSU YUEYANG PHOTOVOLTAIC TECHNOLOGY CO., LTD.

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 23 April 2021 (after trading hours), Jinzhou Yangguang (a wholly-owned subsidiary of the Company) and Jianhu Hongchuang entered into the Equity Transfer Agreement, pursuant to which Jinzhou Yangguang has agreed to purchase and Jianhu Hongchuang has agreed to sell the Sale Interest (representing approximately 17.8% equity interest in the Target Company) at the Consideration of RMB24,200,000.

As at the date of this announcement, Jinzhou Yangguang owned approximately 28.0% equity interest in the Target Company. Pursuant to the Parties Acting in Concert Agreement, Jinzhou Yangguang obtained the control of the Target Company and the financial position and results of the Target Company have been consolidated into the consolidated financial statements of the Group. As such, as at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company.

Following the completion of the Acquisition, the Target Company will remain as a non-wholly owned subsidiary of the Company and its financial position and results, assets, liabilities and cash flow will continue to be consolidated in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jianhu Hongchuang owns approximately 17.8% equity interest in the Target Company. Jianhu Hongchuang is a substantial shareholder of the subsidiary of the Company and therefore is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Jianhu Hongchuang is a connected person at the subsidiary level, (2) the Board has approved the Acquisition; and (3) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratio (as defined in Chapter 14 of the Listing Rules) of the Acquisition is higher than 0.1% but less than 5%, pursuant to Chapter 14A of the Listing Rules, the Acquisition is subject to reporting and announcement requirements but is exempt from the approval requirements of independent Shareholders.

BACKGROUND

The Board is pleased to announce that, on 23 April 2021 (after trading hours), Jinzhou Yangguang (a wholly-owned subsidiary of the Company) and Jianhu Hongchuang entered into the Equity Transfer Agreement, pursuant to which Jinzhou Yangguang has agreed to purchase and Jianhu Hongchuang has agreed to sell the Sale Interest (representing approximately 17.8% equity interest in the Target Company) at the Consideration of RMB24,200,000.

THE EQUITY TRANSFER AGREEMENT

Set out below are details of the Equity Transfer Agreement:

Date	23 April 2021 (after trading hours)
Parties	(i) Jianhu Hongchuang, as vendor; and (ii) Jinzhou Yangguang (a wholly-owned subsidiary of the Company), as purchaser.

As at the date of this announcement, Jianhu Hongchuang owns approximately 17.8% equity interest in the Target Company. Jianhu Hongchuang is a substantial shareholder of the subsidiary of the Company and therefore is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules.

Subject matter

Pursuant to the Equity Transfer Agreement, Jinzhou Yangguang has agreed to purchase and Jianhu Hongchuang has agreed to sell the Sale Interest (representing approximately 17.8% equity interest in the Target Company) at the Consideration of RMB24,200,000, which shall be paid in full by Jinzhou Yangguang before 30 April 2021.

The original investment cost of the Sale Interest paid by Jianhu Hongchuang was RMB21,000,000.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement taking into account factors including (i) the audited net asset value of the Target Company as at 31 December 2020; (ii) the potential growth opportunities and future development of the Target Company; and (iii) the benefits of the Acquisition as described under the section headed "Reasons for and benefits of the Equity Transfer Agreement" in this announcement.

The Group intends to settle the Consideration payable to Jianhu Hongchuang by internal resources of the Group.

Completion

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

Pursuant to the Parties Acting in Concert Agreement, Jinzhou Yangguang obtained the control of the Target Company and the financial position and results of the Target Company have been consolidated into the consolidated financial statements of the Group. As such, as at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company.

Following the completion of the Acquisition, the Target Company will remain as a non-wholly owned subsidiary of the Company and its financial position and results, assets, liabilities and cash flow will continue to be consolidated in the consolidated financial statements of the Group.

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. (江蘇悦陽光伏科技有限公司)
Date of establishment	:	19 June 2019
Place of establishment	:	PRC
Scope of business	:	Principally engaged in photovoltaic technology development, consulting, communication, transfer, promotion, and solar energy storage materials and product manufacturing
Registered capital as at the date of this announcement	:	RMB118,000,000 (fully paid up)

(b) Financial information

	As at 31 December 2020 <i>RMB'000</i> (<i>audited</i>)	As at 31 December 2019 <i>RMB'000</i> (<i>audited</i>)
Total asset value	903,650	540,820
Net asset value	135,213	70,079

	For the year ended 31 December 2020 <i>RMB'000</i> (<i>audited</i>)	For the year ended 31 December 2019 <i>RMB'000</i> (<i>audited</i>)
Revenue	1,615,672	284,998
Profit before tax	18,196	4,830
Profit after tax	13,647	3,577

(c) Shareholding structure

The following table illustrates the shareholding structure of the Target Company (i) as at the date of this announcement; (ii) immediately following the completion of the Acquisition but before the completion of the Capital Injection; and (iii) immediately following the completion of the Acquisition and the Capital Injection:

	As at the date of this announcement <i>RMB</i>	Immediately following the completion of the Acquisition but before the completion of the Capital Injection <i>RMB</i>	Immediately following the completion of the Acquisition and the Capital Injection <i>RMB</i>
Total registered capital	118,000,000	118,000,000	187,440,000

Shareholders of Target Company	As at the date of this announcement <i>Approximate %</i>	Immediately following the completion of the Acquisition but before the completion of the Capital Injection <i>Approximate %</i>	Immediately following the completion of the Acquisition and the Capital Injection <i>Approximate %</i>
Jinzhou Yangguang	28.0	45.8	65.9
Jianhu Hongchuang	17.8	—	—
Jack Win Investment Holdings Limited (俊懋投資控股有限公司)	25.4	25.4	16.0
Wintek International Corp. (文特客國際集團公司)	16.1	16.1	10.1
Jianhu Huimei Investment Centre* (建湖匯美投資中心)	8.5	8.5	5.3
Jianhu High-tech Investment Development Co., Ltd* (建湖縣高新投資發展有限公司)	4.2	4.2	2.7

Pursuant to the Parties Acting in Concert Agreement, Jinzhou Yangguang obtained the control over the Target Company and consolidated the financial position and results of operations in the consolidated financial statements of the Group. Upon completion of the Acquisition, the Target Company will remain as a non-wholly owned subsidiary of the Company and its financial position and results, assets, liabilities and cash flow will continue to be consolidated in the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

Given the rising market demand for photovoltaic modules in recent years, the Group expects the demand for photovoltaic modules will continuously increase. The modules manufacturing base of the Target Company has already commenced large-scale production, which significantly increased the economies of scale in module products. Upon the completion of the Acquisition, the equity interests held by the Group in the Target Company will increase and therefore the Acquisition is expected to derive more financial return to the Shareholders.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement are arrived at after arm's length negotiations between the parties, fair and reasonable, on normal commercial terms in the usual course of business of the Group and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Equity Transfer Agreement or is required to abstain from voting on relevant Board resolutions.

INFORMATION ON JIANHU HONGCHUANG

Jianhu Hongchuang Emerging Industry Fund* (建湖縣宏創新興產業基金), a limited partnership registered under the PRC law, was 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, after 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). To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, as at the date of this announcement, the Target Company is owned as to approximately 17.8% by Jianhu Hongchuang. As such, Jianhu Hongchuang is a substantial shareholder of a subsidiary of the Company, it is therefore a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

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 upper-stream and mid-stream customers in the photovoltaic industries but also directly sold to end customers. Accordingly, each and every of its photovoltaic product is for external sale, its businesses include the manufacture and sales of monocrystalline silicon solar ingots and wafers; the manufacture and sales of photovoltaic modules; the installation of photovoltaic systems; and construction of photovoltaic power plant, 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 established under the PRC law, is a wholly-owned subsidiary of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jianhu Hongchuang owns approximately 17.8% equity interest in the Target Company. Jianhu Hongchuang is a substantial shareholder of the subsidiary of the Company and therefore is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Jianhu Hongchuang is a connected person at the subsidiary level, (2) the Board has approved the Acquisition; and (3) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratio (as defined in Chapter 14 of the Listing Rules) of the Acquisition is higher than 0.1% but less than 5%, pursuant to Chapter 14A of the Listing Rules, the Acquisition is subject to reporting and announcement requirements but is exempt from the approval requirements of independent Shareholders.

DEFINITIONS

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

“Acquisition”	sale and purchase of the Sale Interest in the Target Company pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Capital injection”	the capital injection in the amount of RMB100,000,000 into the Target Company by Jinzhou Yangguang as disclosed in the announcement of the Company dated 20 November 2020
“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
“connected person”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the total consideration for the Sale Interest payable under the Equity Transfer Agreement
“Director(s)”	director(s) of the Company

“Equity Transfer Agreement”	the agreement dated 23 April 2021 entered into between Jinzhou Yangguang as the purchaser and Jianhu Hongchuang as the vendor in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party who is independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules)
“Jianhu Hongchuang”	Jianhu Hongchuang Emerging Industry Fund* (建湖縣宏創新興產業基金), details of which are set out in the paragraph headed “Information on Jianhu Hongchuang” in this announcement
“Jinzhou Yangguang”	Jinzhou Yangguang Energy Co., Ltd* (錦州陽光能源有限公司), a limited liability company established in the PRC, which is indirectly wholly-owned by the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties Acting in Concert Agreement”	an acting in concert agreement entered into between Jinzhou Yangguang, 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) and Jianhu Huimei Investment Centre* (建湖匯美投資中心) dated 1 April 2020, pursuant to which 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) and Jianhu Huimei Investment Centre* (建湖匯美投資中心) agreed to exercise the board members’ and shareholder’s vote in concert with Jinzhou Yangguang
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	approximately 17.8% equity interest in the Target Company
“Shareholders”	the holders of shares 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 non-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

“%” per cent.

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

Hong Kong, 23 April 2021

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 Ms. Fu Shuangye, Dr. Wong Wing Kuen, Albert and Ms. Feng Wenli.

* *For identification purposes only*