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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF A SUBSIDIARY

The Board wishes to announce that on 2 September 2013, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which Jinzhou Yangguang has agreed to acquire and the Vendor has agreed to sell all of his 21% equity interests in the Target Company at a cash consideration of RMB22,790,000. The Target Company is principally engaged in the construction of photovoltaic power plant and sales of solar modules.

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 2 September 2013, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which Jinzhou Yangguang has agreed to acquire and the Vendor has agreed to sell all of his 21% equity interests in the Target Company. The Target Company is principally engaged in the construction of photovoltaic power plant and sales of solar modules.

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date

2 September 2013

Parties

Purchaser: Jinzhou Yangguang

Vendor: the Vendor, an Independent Third Party

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is an Independent Third Party.

Equity Interests to be acquired

Pursuant to the Agreement, Jinzhou Yangguang has agreed to acquire and the Vendor has agreed to sell all of his 21% equity interests in the Target Company at a cash consideration of RMB22,790,000. As at the date of this announcement, the Target Company has a registered capital of RMB100,000,000.

Before the Acquisition, Jinzhou Yangguang owns 49% equity interests in the Target Company. Upon Completion, Jinzhou Yangguang will own 70% equity interests in the Target Company which will become an indirect non-wholly owned subsidiary of the Company.

Consideration

The consideration of RMB22,790,000 for the Acquisition was arrived at after arm's length negotiations between Jinzhou Yangguang and the Vendor and was determined with reference to the Target Company's registered capital and the prospects of the business of the Target Company which would enable the Group to better strategize its downstream photovoltaic system business for the Group's future development.

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.

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	:	Golmud Solargiga Energy Electric Power Company Limited (格爾木陽光能源電力有限公司)
Date of incorporation	:	21 September 2011
Place of incorporation	:	the PRC
Scope of business	:	Construction of photovoltaic power plant and sales of solar modules
Registered capital	:	RMB100,000,000 (fully paid-up)

(b) Financial information

For the year ended 31 December 2012

Audited total asset value as at 31 December 2012	:	RMB290,684,546
Audited net asset value as at 31 December 2012	:	RMB103,732,590
Audited net profit after tax for the period ended 31 December 2012	:	RMB3,732,590

REASONS FOR THE ACQUISITION

The Group is one of the leading manufacturers of monocrystalline silicon solar ingots, measured in terms of production output and sales, in the PRC. The Group is principally engaged in manufacturing and sales of monocrystalline and multicrystalline silicon solar ingots and wafers; processing of silicon solar ingots and wafers; manufacturing and sales of photovoltaic cells and modules; and design and installation of photovoltaic systems. The Directors consider that the Acquisition is in line with the business plan of the Company to develop the photovoltaic system investment business by fully capitalising on its advantage of vertical integration to drive the demand of photovoltaic power plant from the bottom to the top. The Acquisition allows the Group to acquire a controlling interest of 70% in the Target Company which is currently operating a 20MW large scaled photovoltaic power plant project in Golmud, Qinghai Province, the PRC. Its construction primarily adopted the modules produced by the Group's vertical integration. This project has been completed at the end of 2011 and it is currently expected that approximately 33 million kWh can be generated per year. The project will enjoy the photovoltaic power generation feed-in tariff policy of RMB1.15 per kWh as set out by the National Development and Reform Commission. 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 Agreement are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Group is principally engaged in manufacturing and sales of monocrystalline and multicrystalline silicon solar ingots and wafers; processing of silicon solar ingots and wafers; manufacturing and sales of photovoltaic cells and modules; and design and installation of photovoltaic systems.

Jinzhou Yangguang is incorporated in the PRC and principally engaged in the manufacturing and processing of monocrystalline and multicrystalline ingots/wafers.

The Target Company is principally engaged in the construction of photovoltaic power plant and sales of solar modules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is an Independent Third Party.

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 21% equity interests in the Target Company in accordance with the terms of the Agreement
“Agreement”	an equity transfer agreement dated 2 September 2013 made between Jinzhou Yangguang as purchaser and the Vendor as vendor in relation to the sale and purchase of 21% equity interests in the Target Company
“Board”	the board of Directors
“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 Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party (together with the ultimate beneficial owner of such party, if applicable) who are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“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
“PRC”	People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Golmud Solargiga Energy Electric Power Co., Ltd. (格爾木陽光能源電力有限公司), a limited liability company incorporated under the laws of the PRC and owned as to 49% by Jinzhou Yangguang, as to 21% by the Vendor and as to 30% by two Independent Third Parties
“Vendor”	王紀濱 (Mr. Wang Ji-bin) who is, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 2 September 2013

As at the date of this announcement, Mr. Tan Wenhua (Chairman), Mr. Hsu You Yuan, Mr. Tan Xin and Mr. Wang Chunwei are executive Directors, and Ms. Fu Shuangye, Dr. Lin Wen, Mr. Wong Wing Kuen, Albert and Mr. Zhang Chun are independent non-executive Directors.