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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 THE ENTIRE EQUITY INTERESTS IN JINZHOU WINTEK SILICON MATERIALS CO. LTD

The Board wishes to announce that on 3 March 2014, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which Jinzhou Yangguang has agreed to acquire and the Vendors have agreed to sell 100% equity interests in the Target Company at a cash consideration of RMB15,000,000. The Target Company is principally engaged in the construction of photovoltaic power plant.

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 3 March 2014, Jinzhou Yangguang, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which Jinzhou Yangguang has agreed to acquire and the Vendors have agreed to sell 100% equity interests in the Target Company. The Target Company is principally engaged in solar photovoltaic system engineering, procurement and construction.

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date

3 March 2014

Parties

Purchaser: Jinzhou Yangguang

Vendors: First Vendor
Second Vendor

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

Equity Interests to be acquired

Pursuant to the Agreement, Jinzhou Yangguang has agreed to acquire and the Vendors have agreed to sell 100% equity interests in the Target Company at a cash consideration of RMB15,000,000. As at the date of this announcement, the Target Company has a registered capital of USD1,000,000.

Before the Acquisition, the Target Company is owned as to 70% by the First Vendor and as to 30% by the Second Vendor. Jinzhou Yangguang does not own any equity interests in the Target Company. Upon Completion, Jinzhou Yangguang will own 100% equity interests in the Target Company which will become an indirect wholly-owned subsidiary of the Company.

Consideration

The consideration of RMB15,000,000 for the Acquisition was arrived at after arm's length negotiations between Jinzhou Yangguang and the Vendors and was determined with reference to the Target Company's net assets value as at 31 December 2013 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.

Completion shall take place on 31 March 2014.

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 Wintek Silicon Materials Co. Ltd. (錦州文特客硅材料有限公司)

Date of incorporation : 25 September 2007

Place of incorporation : the PRC

Scope of business : Solar photovoltaic system engineering, procurement and construction

Registered capital : USD1,000,000 (fully paid-up)

(b) Financial information

For the year ended 31 December 2013

	For the year ended 31 December 2013	For the year ended 31 December 2012
Audited total asset value	RMB58,048,101	RMB21,077,172
Audited net asset value	RMB13,321,240	RMB10,978,038
Audited net profits before tax	RMB4,018,273	RMB69,474
Audited net profits after tax	RMB3,013,704	RMB52,105

REASONS FOR THE ACQUISITION

The demand for photovoltaic industry market grows rapidly year by year, driving the demand for a variety of upstream, mid-stream and downstream photovoltaic products. Meanwhile, after experiencing the adjustment of the industrial environment of oversupply in the past three years, the manufacturers in the photovoltaic industry gradually constitute strategic cooperative relationship in the upstream and downstream rather than compete with each other. Therefore, through a strategic upstream and downstream vertical integration in productivity and sales operations, in addition to sales of different types of photovoltaic products, such as silicon ingots, wafers, cells, modules, to the upstream and mid-stream customers in photovoltaic industry, the Company also directly provides services to the downstream end customers through vertical integration approach.

By the Acquisition, the business of the Company has expanded to services of photovoltaic power plant construction, further realizing the business plan of the Company to cover the whole photovoltaic industry chain, enhancing the integrated competitive capacities of the Company and becoming a one-stop service provider of solar power projects. The National Energy Administration (國家能源局) recently promulgated a notice headed “annual additional construction scale of photovoltaic power generation of 2014 (《2014年光伏發電年度新增建設規模》)” which provides that the additional annual filed total size shall be 14 million kilowatts (KW) with distributed power plants of 8 million KW and photovoltaic power plants of 6 million KW. The national policy will actively promote the development of solar power plant construction business while the Acquisition will meets the future development trend of the domestic photovoltaic industry as supported by the national policy.

The Target Company mainly engages in the construction of distributed power plants on the roofs or walls and the provision of large power plant construction services. It is believed that the Acquisition could extend the existing sales channels of the vertically integrated photovoltaic products such as monocrystalline silicon ingots and wafers, cells and modules so as to directly facilitate sales services to owners of large-scale photovoltaic power plants or distributed power plants. Accordingly, the Directors (including the independent non-executive Directors) believe that the Acquisition is in the best interests 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 a leading supplier of upstream and downstream vertical integrated solar energy services. Its products are not only sold to the costumers in the upstream and mid-stream industries but also directly sold to end customers. Accordingly, each and every photovoltaic product is for external sale, which includes the manufacture and sales of monocrystalline silicon solar ingots and wafers, and multicrystalline silicon solar wafers; the manufacture and sales of photovoltaic cells; the manufacture and sales of photovoltaic modules; the installation of photovoltaic systems; and construction of photovoltaic power plant. Its business scope covers the whole industrial chain of the photovoltaic industry, focusing on providing one-stop solar energy service. Currently, the Group has an annual capacity of approximately 1.2GW for monocrystalline silicon ingot production, an annual capacity of approximately 900MW for solar wafer production, as well as an annual capacity of approximately 300MW and 400MW for photovoltaic cells and modules production, respectively.

Jinzhou Yangguang, a wholly owned subsidiary of the Group, 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 solar photovoltaic system engineering, procurement and construction.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

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 100% equity interests in the Target Company in accordance with the terms of the Agreement
“Agreement”	an equity transfer agreement dated 3 March 2014 made between Jinzhou Yangguang as purchaser and the Vendors as vendors in relation to the sale and purchase of 100% 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
“First Vendor”	錦州市結華電子材料經營部 who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, an Independent Third Party
“Group”	the Company and its subsidiaries
“GW”	gigawatt
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party (together with the ultimate beneficial owners of such party, if applicable) who 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 (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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt
“PRC”	the People’s Republic of China
“Second Vendor”	文特客國際集團公司 who is, to the best of the Directors knowledge, information and belief having made all reasonable enquiries, an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jinzhou Wintek Silicon Materials Co. Ltd (錦州文特客硅材料有限公司), a limited liability company incorporated under the laws of the PRC and owned as to 70% by the First Vendor and as to 30% by the Second Vendor
“Vendors”	the First Vendor and the Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 3 March 2014

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.