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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 AND CONNECTED TRANSACTION ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY

THE ACQUISITION

On 13 June 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), Vendor A and Vendor B entered into the Equity Transfer Agreements, pursuant to which the Purchaser agreed to purchase, and Vendor A and Vendor B agreed to sell 13.76% and 8.72% of the equity interest in the Target Company at a consideration of approximately RMB58,130,000 and RMB36,820,000 respectively.

As at the date of this announcement, the Target Company was directly owned as to approximately 63.51% by the Purchaser and indirectly owned as to approximately 77.52% by the Company. Upon Completion, the Target Company will be directly owned as to approximately 85.99% by the Purchaser and indirectly owned as to 100% by the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction for the Company and is therefore subject to the notification and announcement requirements but not subject to the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is owned by the Company, Vendor A and Vendor B as to approximately 77.52%, 13.76% and 8.72%, respectively. Vendor A is a substantial shareholder of the Target 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) Vendor A 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 notification and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that, on 13 June 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), Vendor A and Vendor B entered into the Equity Transfer Agreements, pursuant to which the Purchaser agreed to purchase, and Vendor A and Vendor B agreed to sell 13.76% and 8.72% of the equity interest in the Target Company at a consideration of approximately RMB58,130,000 and RMB36,820,000 respectively.

THE EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are summarised as follows:

Date

13 June 2023

Parties

(i) Equity Transfer Agreement I

- (a) Purchaser (a wholly-owned subsidiary of the Company); and
- (b) Vendor A

(ii) Equity Transfer Agreement II

- (a) Purchaser (a wholly-owned subsidiary of the Company); and
- (b) Vendor B

As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company, and is owned by the Company, Vendor A and Vendor B as to approximately 77.52%, 13.76% and 8.72%, respectively. Vendor A is a substantial shareholder of the Target Company and, therefore, Vendor A 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 Agreements, the Purchaser agreed to purchase, and Vendor A and Vendor B agreed to sell 13.76% and 8.72% of the equity interest in the Target Company, respectively. Upon Completion, the Target Company will be directly owned as to approximately 85.99% by the Purchaser and indirectly owned as to 100% by the Company.

Consideration

Pursuant to the Equity Transfer Agreements, (i) the Purchaser shall pay the consideration of approximately RMB58,130,000 to Vendor A; and (ii) the Purchaser shall pay the consideration of approximately RMB36,820,000 to Vendor B, in full within twenty working days after the date of the respective Equity Transfer Agreements.

The original investment cost of the equity interests paid by Vendor A was RMB30,000,000.

Basis of Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors, with reference to (i) the valuation based on an asset-based approach on the entire equity interest in the Target Company which was valued at approximately RMB420,249,000 as at 30 April 2023 prepared by Jinzhou Jiaxin Asset Appraisal Office* (錦州嘉信資產評估事務所), an independent valuer engaged by the Group; (ii) the corresponding ratio of the equity interest to be purchased and sold under the Equity Transfer Agreements and (iii) prevailing market conditions.

The Directors considered that the Consideration is determined after arm's length negotiation and is fair and reasonable and on normal commercial terms and that the entering into the Equity Transfer Agreements 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 the changes in relation to the Acquisition and the full payment of the Consideration by the Purchaser to the Vendors.

As at the date of this announcement, the Target Company was directly owned as to approximately 63.51% by the Purchaser and indirectly owned as to approximately 77.52% by the Company. Upon Completion, the Target Company will be directly owned as to approximately 85.99% by the Purchaser and indirectly owned as to 100% by the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company 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. (江蘇悅陽光伏科技有限公司)
Date of establishment	:	19 July 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	:	RMB217,990,000

(b) Financial information

The following table sets out the profit before tax and profit after tax of the Target Company for the two financial years ended 31 December 2022 and the four months ended 30 April 2023:

	For the four months ended 30 April 2023 RMB'000 (unaudited)	For the year ended 31 December 2022 RMB'000 (audited)	For the year ended 31 December 2021 RMB'000 (audited)
Profit before tax	35,816	82,607	176,489
Profit after tax	30,444	70,216	150,016

The unaudited net asset value of the Target Company as at 30 April 2023 was approximately RMB316,078,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing and trading of photovoltaic module business. Given the rising market demand for photovoltaic modules in recent years, the Group expects that 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 Completion, the Target Company will be indirectly owned as to 100% by the Company. The Group will then be able to comprehensively take charge of its daily operational management and development, which will be conducive to increasing the Group's ability to further enhance the development quality and continue expanding the production scale of photovoltaic module products as one of the Group's principal business activities.

The Directors (including the independent non-executive Directors) have reviewed the Acquisition and the terms of the Equity Transfer Agreements and are of the view that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Acquisition has been approved by the Board. None of the Directors has or is deemed to have a material interest in the transactions contemplated under the Equity Transfer Agreements.

INFORMATION ON THE VENDORS

Vendor A is Jack Win Investment Holdings Limited (俊懋投資控股有限公司), a body corporate incorporated under Hong Kong law on 16 December 2009, which is principally engaged in general business, property investment and investment holdings. The sole shareholder of Jack Win is Mr. Chan Koon Biu. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Target Company, being an indirect non-wholly owned subsidiary of the Company, is owned as to approximately 13.76% by Jack Win. As such, Jack Win is a substantial shareholder of a subsidiary of the Company, and Jack Win and Mr. Chan Koon Biu are therefore connected persons of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

Vendor B is Wintek International Corp. (文特客國際集團公司), a long term international company incorporated in Samoa on 3 May 2002, which is principally engaged in investment holdings. The sole shareholder of Wintek is Mr. Wang Tai Yuan. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Target Company is owned as to approximately 8.72% by Wintek.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Vendor B and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is principally engaged in (i) the manufacturing and trading of photovoltaic module business, (ii) the construction and operation of photovoltaic power systems and (iii) semiconductor business.

The Purchaser is Jinzhou Yangguang Energy Co., Ltd.* (錦州陽光能源有限公司), a limited liability company established under the PRC law, and is a wholly-owned subsidiary of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction for the Company and is therefore subject to the notification and announcement requirements but not subject to the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is owned by the Company, Vendor A and Vendor B as to approximately 77.52%, 13.76% and 8.72%, respectively. Vendor A is a substantial shareholder of the Target 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) Vendor A 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 notification and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 22.48% equity interest of the Target Company by the Purchaser pursuant to the Equity Transfer Agreements
“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 Acquisition pursuant to the terms and conditions of the Equity Transfer Agreements
“Consideration”	the total consideration for the Acquisition payable by the Purchaser under the Equity Transfer Agreements
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement I”	the sale and purchase agreement entered into between the Purchaser and Vendor A on 13 June 2023 in relation to the acquisition of equity interest from Vendor A
“Equity Transfer Agreement II”	the sale and purchase agreement entered into between the Purchaser and Vendor B on 13 June 2023 in relation to the acquisition of equity interest from Vendor B
“Equity Transfer Agreements”	collectively, Equity Transfer Agreement I and Equity Transfer Agreement II
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jack Win”	Jack Win Investment Holdings Limited (俊懋投資控股有限公司), Vendor A, details of which are set out in the paragraph headed “Information on the Vendors” in this announcement
“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”	Jinzhou Yangguang Energy Co., Ltd.* (錦州陽光能源有限公司), a limited liability company established in the PRC, an indirect 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 the 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), an indirect 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
“Vendor A”	Jack Win
“Vendor B”	Wintek
“Vendors”	collectively, Vendor A and Vendor B
“Wintek”	Wintek International Corp. (文特客國際集團公司), Vendor B, details of which are set out in the paragraph headed “Information on the Vendors” in this announcement
“%”	per cent.

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

Hong Kong, 13 June 2023

** For identification purposes only*

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. Chung Wai Hang and Ms. Tan Ying.