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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 30% EQUITY INTEREST IN GOLMUD**

##### **THE ACQUISITION**

The Board wishes to announce that on 27 July 2016, Jinzhou Yangguang (a wholly-owned subsidiary of the Company) entered into the Agreements with the Vendors, pursuant to which the Vendors agreed to sell and Jinzhou Yangguang has conditionally agreed to acquire from the Vendors an aggregate of 30% equity interest in the Target Company for an aggregate consideration of RMB32,250,000. The Target Company is principally engaged in the operation of photovoltaic power plants. As at the date of this announcement, Jinzhou Yangguang owns 70% interest in the Target Company and Jinzhou Yangguang is expected to own 100% interest in the Target Company after Completion.

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 Chapter 14 of the Listing Rules.

##### **INTRODUCTION**

The Board wishes to announce that on 27 July 2016, Jinzhou Yangguang (a wholly-owned subsidiary of the Company) entered into the Agreements with the Vendors, pursuant to which the Vendors agreed to sell and Jinzhou Yangguang has conditionally agreed to acquire from the Vendors an aggregate of 30% equity interest in the Target Company for an aggregate consideration of RMB32,250,000. The Target Company is principally engaged in the operation of photovoltaic power plants. As at the date of this announcement, Jinzhou Yangguang owns 70% interest in the Target Company and Jinzhou Yangguang is expected to own 100% interest in the Target Company after Completion.

## **THE AGREEMENTS**

The principal terms of the Agreements are as follows:

### **Date**

27 July 2016

### **Parties**

- (i) Vendors: First Vendor and Second Vendor
- (ii) Purchaser: Jinzhou Yangguang, a wholly-owned subsidiary of the Company

As at the date of this announcement, the First Vendor and the Second Vendor, respectively, hold 20% and 10% equity interest in the Target Company. As the Target Company is an insignificant subsidiary, the two Vendors, who are substantial shareholders at the subsidiary level, are not regarded as connected persons under Rule 14A.09 of the Listing Rules.

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

### **Equity Interests to be acquired**

Pursuant to the Agreements, Jinzhou Yangguang has agreed to acquire and the First Vendor has agreed to sell all of his 20% equity interests in the Target Company at a cash consideration of RMB21,500,000 and Jinzhou Yangguang has agreed to acquire and the Second Vendor has agreed to sell all of his 10% equity interests in the Target Company at a cash consideration of RMB10,750,000. As at the date of this announcement, the Target Company has a registered capital of RMB100,000,000.

Before the Acquisition, Jinzhou Yangguang owns 70% 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.

### **Aggregate consideration**

The aggregate consideration for the Acquisition is RMB32,250,000, of which RMB21,500,000 and RMB10,750,000 are payable to the First Vendor and the Second Vendor respectively. The aggregate consideration was arrived at after arm's length negotiations between Jinzhou Yangguang and the Vendors 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 strategise its downstream photovoltaic system business for the Group's future development.

The said aggregate consideration for the Acquisition is payable by Jinzhou Yangguang in cash upon Completion and is funded by the internal resources of the Group.

Payment schedule are as follow:

First Vendor: RMB6,700,000 to be paid by the Purchaser to the Xinjiang Production and Construction Corps No.1 Intermediate People's Court\* (新疆生產建設兵團第一師中級人民法院) within three days of the unfreezing by the Xinjiang Production and Construction Corps No.1 Intermediate People's Court\* (新疆生產建設兵團第一師中級人民法院) of the First Vendor's 20% equity interests in the Target Company. RMB8,350,000 to be paid upon unfreezing, and the remaining RMB6,450,000 to be paid by the Purchaser to the First Vendor within 7 business days after business and tax registration afterwards.

Second Vendor: RMB7,525,000 to be paid by the Purchaser to the Second Vendor upon the unfreezing by the Xinjiang Production and Construction Corps No.1 Intermediate People's Court\* (新疆生產建設兵團第一師中級人民法院) of the First Vendor's 20% equity interests in the Target Company, and the remaining RMB3,225,000 to be paid by the Purchaser to the Second Vendor within 7 business days after business and tax registration afterwards.

### **Condition Precedent**

Completion of the Acquisition is conditional upon the settlement, by the First Vendor, Alaer Xinyanguang Technology Company Limited\* (阿拉爾新陽光科技有限公司), of an amount due to a creditor, as ordered by the Xinjiang Production and Construction Corps No.1 Intermediate People's Court\* (新疆生產建設兵團第一師中級人民法院), and the unfreezing of the 20% equity interests in the Target Company by the same court (the "**Condition Precedent**").

### **Completion**

Completion shall take place after the business and tax registration of the transfer of the equity interest.

### **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	:	Operation of photovoltaic power plants
Registered capital	:	RMB100,000,000 (fully paid-up)

\* For identification only

**(b) Financial information**

*For the year ended 31 December 2015*

Audited total asset value as at 31 December 2015	:	RMB304,993,633
Audited net asset value as at 31 December 2015	:	RMB109,656,903
Audited net profit after tax for the period ended 31 December 2015	:	RMB8,938,444

**INFORMATION ABOUT THE VENDORS**

The First Vendor principally engaged in assembly of solar modules; planning, designing, constructing and managing photovoltaic system; and the import and export of related equipment, raw materials and other products, and consultancy services. The Second Vendor principally engaged in electrical and mechanical equipment installation; planning, designing, constructing and managing photovoltaic system and power plants; and the import and export of related products. As at the date of this announcement, the First Vendor and the Second Vendor, respectively, hold 20% and 10% equity interest in the Target Company. As the Target Company is an insignificant subsidiary, the two Vendors, who are substantial shareholders at the subsidiary level are not regarded as connected persons under Rule 14A.09 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Vendors and its ultimate beneficial owner(s) is an Independent Third Party.

**REASONS FOR THE ACQUISITION**

The Group is one of the leading manufacturers of monocrystalline silicon solar products in the PRC. Through advantages in its vertical integration, the Group focuses on manufacturing and sales of mono-crystalline silicon solar wafers and photovoltaic modules; and design and installation of photovoltaic systems.

The Directors consider that the Acquisition is in line with the business plan of the Company and the Acquisition allows the Group to fully control and enjoy the stable cashflow generated by the Target Company which is currently operating a 20MW large scaled photovoltaic power plant in Golmud, Qinghai Province, the PRC.

Construction of the 20MW large scaled photovoltaic power plant 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 generating approximately 33 million kWh per year. The power plant is enjoying 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 Agreements are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

## GENERAL

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

The Target Company is principally engaged in operating of photovoltaic power plants.

As at the date of this announcement, the First Vendor and the Second Vendor, respectively, hold 20% and 10% equity interest in the Target Company. As the Target Company is an insignificant subsidiary, the two Vendors, who are substantial shareholders at the subsidiary level are not regarded as connected persons under Rule 14A.09 of the Listing Rules. Hence, the Acquisition is not a connected transaction for the Company for purpose of Rule 14A.09 of the Listing Rules. 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 acquisition of an aggregate of 30% equity interests in the Target Company in accordance with the terms of the Agreements
“Agreements”	two equity transfer Agreements dated 27 July 2016 made between Jinzhou Yangguang as purchaser and each of the Vendors as vendors in relation to the sale and purchase of an aggregate of 30% equity interests in the Target Company
“Board”	the board of Directors of the Company
“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 Agreements
“Consideration”	the consideration payable by the Purchaser to the Vendors under the Agreements
“Director(s)”	the director(s) of the Company

“First Vendor”	Alaer Xinyanguang Technology Company Limited* (阿拉爾新陽光科技有限公司), a limited liability company incorporated under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person or company who or which 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
“insignificant subsidiary”	has the meaning ascribed to in under Rule 14A.09 of 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
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Vendor”	Yongsheng (Shandong) Energy Company Limited* (永盛(山東)能源有限公司), a limited liability company incorporated under the laws of the PRC
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

\* For identification only

“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 70% by Jinzhou Yangguang, as to 30% by the Vendors prior to completion of the Agreements
“Vendors”	collectively, the First Vendor and the Second Vendor
“%”	per cent

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

Hong Kong, 27 July 2016

*As at the date of this announcement, the executive Directors are Mr. Tan Wenhua (Chairman), Mr. Tan Xin and Mr. Wang Chunwei, 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 Mr. Zhang Chun.*

\* For identification only