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## **Solargiga Energy Holdings Limited**

to which the Company agreed to engage, or procure its subsidiaries to engage Jinzhou Aoke and/or its subsidiaries in the processing of wire slurry into recycled abrasives and mineral oil, a material necessary for the slicing of solar ingots into solar wafers.

As at the date of this announcement, Huachang Guangfu is owned (i) as to 53% by Huaxin Silicon whose equity interest is wholly owned by Mr. Tan, (ii) as to 22% by PLC which is owned as to 65% by Mr. Chong's wholly owned companies, as to 30% by Mr. Sam Wai Keung (a director of Jinzhou Huachang Silicon Materials Co., Ltd., a wholly owned subsidiary of the Company) and as to 5% by Mr. Chong Yu Ka, an Independent Third Party; (iii) as to 20% by Grand Sea, and (iv) as to 5% by Seaquest. Mr. Stephen Chiao Sun-Hai is the brother of Mr. Chiao Ping-Hai who is a non-executive Director. Mr. Stephen Chiao Sun-Hai is therefore an associate of the Company. As Stephen Chiao Sun-Hai is a substantial shareholder of Grand Sea, Grand Sea is therefore an associate of Mr. Chiao Ping Hai and a connected person of the Company under the Listing Rules. As at the date of this announcement, Jinzhou Aoke is owned as to 35% by Jinzhou Yuexin whose equity interest is wholly owned by Mr. Tan and as to 65% by Independent Third Parties. Accordingly, Huachang Guangfu and Jinzhou Aoke are the associates of Mr. Tan within the meaning of the Listing Rules and the transactions contemplated under the Sale Agreement and the Processing Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

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An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Sale Agreement and the Processing Agreement and an Independent Financial Adviser has been appointed to advise the Independent Board Committee and Independent Shareholders on the terms of the Sale Agreement, the Processing Agreement and their respective annual cap amounts.

A circular containing, amongst other things, a notice convening the Extraordinary General Meeting and further details relating to the Sale Agreement, the Processing Agreement and the Continuing Connected Transactions and a letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions will be despatched to the Shareholders as soon as practicable.

## **THE SALE AGREEMENT**

Date: 12 August 2008

Parties: The Company

Huachang Guangfu, a company incorporated in the PRC, is owned (i) as to 53% by Huaxin Silicon whose equity interest is wholly owned by Mr. Tan,

**Annual cap amounts for the Sale Transactions:** During the term of the Sale Agreement, the annual maximum amount of the Sale Transactions will not exceed the following amounts:

- (i) RMB225,720,000 for the year ending 31 December 2008;
- (ii) RMB1,212,750,000 for the year ending 31 December 2009; and
- (iii) RMB2,113,650,000 for the year ending 31 December 2010.

**Condition:** The Sale Agreement is subject to approval by the Independent Shareholders.

**Payment:** Payments for the Sale Transactions will be at credit terms to be agreed between the parties in accordance with the normal term of sale offered to Independent Third Parties.

The annual cap amounts under the Sale Agreement are determined by reference to (i) the actual quantity of solar wafers produced by the Group in the first half of 2008; (ii) the anticipated increase in wafer production arising from an expansion in the manufacturing bases which is, subject to the prevailing market conditions, expected to reach approximately 48 million, 150 million and 250 million pieces of wafer by end of 2008, 2009 and 2010, respectively; (iii) the anticipated increase in demand from Huachang Guangfu for solar wafers; and (iv) the price of solar wafers sold to Independent Third Parties.

The Group expects that during the period between the date of this announcement and the date of the



## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AGREEMENT AND THE PROCESSING AGREEMENT**

Huachang Guangfu is a new customer of the Group. Having considered the anticipated increasing demand of solar wafers from Huachang Guangfu whose transaction terms are no less favourable than terms available to other Independent Third Parties, the Directors believe that the entering of the Sale Agreement will enable the Group to secure a potential major customer and thereby enhancing the sale performance and profitability of the Group.

Recycled abrasives and mineral oil cost less than new abrasives and mineral oil. When mixed with new abrasives and mineral oil in a prescribed proportion, the mixture can be used in the slicing of solar wafers from solar ingots. Jinzhou Aoke is principally engaged in the recycling and processing of wire slurry, the factory of which is located in Jinzhou. As such, the Directors consider that it would be cost efficient to engage Jinzhou Aoke to process the Group's wire slurry to recycled abrasives and mineral oil. In addition, with the close proximity between the Company and Jinzhou Aoke, the transportation costs will be lowered when compared with other wire slurry processing companies which are not located in Jinzhou. With the increasing demand for recycled abrasives and mineral oil, the Directors believe that the entering of the Processing Agreement, the terms of which are no less favourable than terms available to Independent Third Parties, will lower the overall production cost which is in line with the Group's strategy.

## **GENERAL INFORMATION**

The Group is one of the leading manufacturers of monocrystalline silicon ingots, measured in terms of production output and sales in China. It is engaged in the manufacturing of monocrystalline silicon ingots and wafers and the recycling and processing of scrap polysilicon. Silicon ingots and wafers are used for the manufacturing of photovoltaic cells which are important component of the solar energy generation system.

the meaning of the Listing Rules, and the transactions contemplated under the Sale Agreement and the Processing Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under the Sale Agreement and the Processing Agreement will exceed 2.5%, the Sale Agreement and the Processing Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

The Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group. The Directors (excluding the independent non-executive Directors who will

## **DEFINITIONS**

In this announcement, the following expressions will have the following meanings unless the context otherwise requires:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Solargiga Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Sale Agreement and the Processing Agreement
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General	

“**CSA**”

“Independent Financial Advisor”	Piper Jaffray Asia Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale Agreement, the Processing Agreement and their respective annual cap amounts in relation to the Continuing Connected Transactions
“Independent Shareholders”	the Shareholders other than Mr. Tan, Mr. Chong, PLC, Grand Sea, Seaquest, Mr. Chiao Ping-Hai and their respective associates
“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, not connected with the Company and its connected persons
“Jinzhou Aoke”	Jinzhou Aoke New Materials Co., Ltd.* (錦州奧克新材料有限公司), a company incorporated in PRC
“Jinzhou Yuexin”	Jinzhou Yuexin Silicon Materials Co., Ltd.* (錦州悅鑫硅材料有限公司), a company incorporated in PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chong”	Mr. Chong Kin Ngai, a non-executive Director, a Shareholder and a connected person of the Company
“Mr. Tan”	Mr. Tan Wenhua, an executive Director, a Shareholder and a connected person of the Company
“PLC”	Prosperity Lamps and Components Limited, a Shareholder which is owned as to 65% by Mr. Chong’s wholly owned companies, as to 30% by Mr. Sam Wai Keung and as to 5% by Mr. Chong Yu Ka
“PRC”	the People’s Republic of China
“Processing Agreement”	the processing agreement dated 12 August 2008 entered into between the Company and Jinzhou Aoke
“RMB”	Renminbi, the lawful currency of PRC
“Sale Agreement”	the sale agreement dated 12 August 2008 entered into between the Company and Huachang Guangfua
“Pwaquest”	Seaquest Ventures Inc., a Shareholder which is wholly owned by Mr. Quintin Wu

“Shareholder(s)”                      shareholder(s) of the Company  
“Stock Exchange”                      The Stock Exchange of Hong Kong Limited  
“%”    per cent.

\* *English translation of Chinese official name is for identification purpose only*

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

12 August 2008

*As at the date of this announcement, Mr. Tan Wenhua, Mr. Hsu You Yuan and Ms. Zhang Liming are executive Directors, Mr. Chiao Ping-hai and Mr. Chong Kin Ngai are non-executive Directors and Ms. Fu Shuangye, Mr. Lin Wen, Mr. Wong Wing Kuen, Albert and Mr. Zhang Chun are independent non-executive Directors.*