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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)**

### **CAPITAL INJECTION INTO JINZHOU YANGGUANG MOTECH RENEWABLE ENERGY CO., LTD. CONSTITUTING DISCLOSEABLE TRANSACTION AND DEEMED DISPOSAL**

#### **CAPITAL INJECTION AGREEMENT**

The Board is pleased to announce that on 12 November 2015, Jinzhou Jinmao, a wholly-owned subsidiary of the Company, Motech Solar and the Target Subsidiary entered into the Capital Injection Agreement, pursuant to which Jinzhou Jinmao and Motech Solar agreed to inject a capital of RMB8.6 million and RMB11.4 million, respectively, into the Target Subsidiary by way of cash contribution.

In order to cope with the significant growth in demand from the Company's customer for photovoltaic modules, Jinzhou Jinmao established the Target Subsidiary in October 2015, which engages in the manufacturing of photovoltaic modules and the undertaking, design and installation of photovoltaic systems and engineering. The Target Subsidiary has a planned annual production capacity of 600MW, of which 400MW will commence production in February 2016 and the remaining 200MW is set to follow in the third quarter of 2016. The Company's total annual production volume of photovoltaic modules will then reach 1,200MW. Due to the long customer demand for domestic photovoltaic modules, the Company's competitive edge in terms of cost effectiveness will be strengthened in relation to the vertical integration strategy. The Directors considered that it would be in the interest of the Company and it has authorized a mandate for Jinzhou Jinmao and Motech Solar to inject the capital in the aggregate of RMB20 million into the Target Subsidiary to expand its production capacity and to meet its general working capital requirement. Though the Capital Injection, the Group has also established a strategic alliance with Motech Solar, where both parties will leverage their respective strengths and experience in laying a solid foundation for broader co-operation in the future.

Upon completion of the Capital Injection, the Target Subsidiary will be held a total of 81% by Jinhe Jinmao and 19% by Motech Shareholders.

### **LISTING RULES IMPLICATIONS**

Since the applicable percentage ratio (as defined in the Listing Rules) in effect of the capital injection of RMB8.6 million by Jinhe Jinmao into the Target Subsidiary, when aggregated with the capital contribution of RMB40 million by Jinhe Jinmao, on the establishment of the Target Subsidiary on 26 October 2015, is not less than 14.22% of the

Under the terms of the Capital Injection Agreement, Jin hao Jinmao and Motech S hao agreed to inject a capital of RMB8.6 million and RMB11.4 million, respectively, into the Target S b idia b a of cash contribution. The amount of the Capital Injection a determined after a m' length negotiation between Jin hao Jinmao and Motech S hao ith reference to the estimated funding and general o king capital e i ed for the o e ation of the Target S b idia fo the o e de c ibed in the ection headed Rea on fo and the Benefit of the Capital Injection belo . Upon completion of the Capital Injection, the Target S b idia ill be held a to 81% b Jin hao Jinmao and 19% b Motech S hao and the total egi te ed capital of the Target S b idia ill be inc ea ed f om RMB40 million to RMB60 million.

## **(b) Financial information**

The unaudited net asset value of the Target Subsidiary as at the date of the Capital Injection Agreement is RMB40,000,000. Given that the Target Subsidiary has not commenced any business operation, the Target Subsidiary has not recorded any profit or loss since the date of its establishment.

## **FINANCIAL IMPACT OF THE CAPITAL INJECTION ON THE GROUP**

Following completion of the Capital Injection, the registered capital of the Target Subsidiary will be increased from RMB40 million to RMB60 million, which shall be owned as to 81% by Jinsheng Jinmao and as to 19% by Motech Solar. The Target Subsidiary will continue to be a subsidiary of the Company and the financial results of the Target Subsidiary will continue to be consolidated by the Group.

Based on the existing information available to the Company, the expected gain from the Capital Injection will amount to approximately RMB8.6 million, which is based on the net asset value of the Target Subsidiary attributable to the Group after completion of the Capital Injection less the net asset value of the Target Subsidiary attributable to the Group before completion of the Capital Injection. This expected gain from the Capital Injection will account for a one-time gain and will be recognized as a movement in the equity of the Group. The Capital Injection will not result in any significant impact to the profitability of the Group.

## **APPLICATION OF THE CAPITAL INJECTION**

The Target Subsidiary intend to utilize the proceeds from the Capital Injection for expansion of module business and its general working capital.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The Group is a leading supplier of silicon wafers and monocrystalline silicon solar cells. Its product line not only extend to the customer in the silicon wafer and monocrystalline silicon solar cell industry but also extend to end customer. Accordingly, each and every photovoltaic product is for the solar panel, which include the manufacture and sale of monocrystalline silicon solar ingot and wafer; the manufacture and sale of photovoltaic cell; the manufacture and sale of photovoltaic module; the installation of photovoltaic system; and construction of photovoltaic power plant. It business cooperate the whole industrial chain of the photovoltaic industry, focusing on providing one-stop solar energy service.

In order to cope with the significant growth in demand from the Company's customer for photovoltaic module, Jinsheng Jinmao established the Target Subsidiary in October 2015, which engage in the manufacturing of photovoltaic module and the undertaking, design and installation of photovoltaic system and engineering. The Target Subsidiary has planned annual production capacity of 600MW, of which 400MW will commence production in February 2016 and the remaining 200MW is set to follow in the third quarter of 2016. The Company's total annual production volume of photovoltaic module will then reach 1,200MW. Given the long-term customer demand for monocrystalline photovoltaic module, the Company's

competitive edge in terms of cost effectiveness will be strengthened in relation to the electrical integration strategy. The Directors considered that it would be in the interest of the Company and its shareholders as a whole for Jinzhou Jinmao and Motech Suzhou to inject further capital in the aggregate of RMB20 million into the Target Subsidiary to ensure production capacity and to meet its general working capital requirements.

The Directors consider that the Capital Injection will strengthen the Target Subsidiary's capital base which in turn will meet its capital needs and facilitate the growth of the mobile business of the Group. Though the Capital Injection, the Group has also established a strategic alliance with Motech Suzhou, where both parties will leverage their respective strengths and experience in laying a solid foundation for broader co-operation in the future.

Taking account of the benefits of the Capital Injection described above, the Directors (including the independent non-executive Directors) believe that the Capital Injection is in the interest of the Company and the terms of the Capital Injection Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **INFORMATION ON JINZHOU JINMAO**

Jinzhou Jinmao is principally engaged in the research and development, design, production and sale of photovoltaic modules and provision of comprehensive services as an integrated business and operate a production base for the photovoltaic module business of the Group.

### **INFORMATION ON MOTECH SUZHOU**

Motech Suzhou, established on 31 December 2006, is principally engaged in the research, development, and manufacture of high quality solar products and services, ranging from Photovoltaic (PV) cells, PV modules to PV power systems.

### **INFORMATION ON TARGET SUBSIDIARY**

The Target Subsidiary is principally engaged in the manufacture of photovoltaic modules and undertaking, design and installation of photovoltaic systems and engineering.

### **LISTING RULES IMPLICATIONS**

Since the applicable percentage ratio (as defined in the Listing Rules) in respect of the capital injection of RMB8.6 million by Jinzhou Jinmao into the Target Subsidiary, when aggregated with the capital contribution of RMB40 million by Jinzhou Jinmao upon establishment of the Target Subsidiary on 26 October 2015 pursuant to Rule 14.22 of the Listing Rules, exceed 5% but does not exceed 25%, the capital injection of an aggregate amount of RMB48.6 million into the Target Subsidiary by Jinzhou Jinmao will therefore constitute a discloseable transaction for the Company under the Listing Rules.

On the other hand, following the completion of the Capital Injection, the Company's interest in the Target Subsidiary will be diluted and the capital injection of RMB11.4 million into the Target Subsidiary by Motech Software constitutes a deemed dividend amount to RMB14.29 of the Listing Rules. As none of the applicable percentage ratio (as defined in the Listing Rules) in respect of each capital injection by Motech Software exceed 5%, each capital injection does not constitute a discloseable transaction of the Company under the Listing Rules.

## DEFINITIONS

Unless otherwise defined, the following expressions in this announcement have the following meaning:

Board	the board of Directors of the Company
Capital Injection	the capital injection in the amount of RMB8.6 million and RMB11.4 million by Jinhe Jinmao and Motech Software, respectively, to the registered capital of the Target Subsidiary by way of cash contribution pursuant to the Capital Injection Agreement

Jin ho Jinmao	錦州錦懋光伏科技有限公司 (Jin ho Jinmao Photo voltaic Technolog Co., Ltd.), a com an e tabli hed in the PRC ith limited liabilit and a holl o ned b idia of the Com an
Listing Rule	the Rule Go e ning the Listing of Sec itie on the Stock E change
Motech S ho	茂迪(蘇州)新能源有限公司 (Motech (S ho ) Rene able Ene g Co., Ltd.), a com an e tabli hed in the PRC and an Inde endent Thi d Pa t
MW	mega watt
PRC	the Peo le' Re blic of China, fo the o e of thi anno ncement, e cl ding Hong Kong, the Maca S ecial Admini tati e Region of the PRC and Tai an
RMB	Renminbi, the la f l c enc of the PRC
Stock E change	The Stock E change of Hong Kong Limited
Target S b idia	錦州陽光茂迪新能源有限公司 (Jin ho Yangg ang Motech Rene able Ene g Co., Ltd.), a com an e tabli hed in the PRC ith limited liabilit and a holl o ned b idia of the Com an immediatel io to the Ca ital Injection
%	e cent.

B O de of the Boa d  
**Solargiga Energy Holdings Limited**  
**Wang Chunwei**  
*Executive Director*

Hong Kong, 12 No embe 2015

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

*English names of the companies/entities which are incorporated or established in the PRC in this announcement are only translations of their official Chinese names for identification purpose only. In case of inconsistency, the Chinese names prevail.*