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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

On 17 April 2009, the Company and Jinzhou Aoke entered into the Framework Agreement whereby (i) the Company agreed to sell, or procure its subsidiaries to sell, and Jinzhou Aoke agreed to purchase, or procure its subsidiaries to purchase, wire slurry; (ii) Jinzhou Aoke agreed to sell, or procure its subsidiaries to sell, and the Company agreed to purchase, or procure its subsidiaries to purchase, the Processed Materials; and (iii) the Company and Jinzhou Aoke agreed to terminate the Processing Agreement.

A circular containing, among other things, further details relating to the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement, a letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement will be despatched to the Shareholders as soon as practicable.

## **BACKGROUND**

Reference is made to the Company's circular dated 2 September 2008 in relation to, among other things, the Processing Agreement.

On 12 August 2008, the Company entered into the Processing Agreement with Jinzhou Aoke whereby the Company agreed to engage, or procure its subsidiaries to engage, Jinzhou Aoke and/or its subsidiaries for processing of wire slurry into recycled abrasives and mineral oil, materials necessary for the slicing of solar ingots into solar wafers.

Following a recent discussion with Jinzhou Aoke concerning the latest development of the business model of Jinzhou Aoke, the Company and Jinzhou Aoke agreed to enter into the Framework Agreement. For more details for the reasons of entering into the Framework Agreement, please refer to the section headed "Reasons for the Sale Transactions and the Purchase Transactions" below.

## **THE FRAMEWORK AGREEMENT**

On 17 April 2009, the Framework Agreement was entered into between the Company and Jinzhou Aoke, a company incorporated in the PRC and owned as to 35% by Jinzhou Yuexin (a PRC company wholly owned by Mr. Tan, an executive Director) and as to 65% by Independent Third Parties. Details of the Framework Agreement are set out below:

### **1. The Sale Transactions**

- (a) Pursuant to the Framework Agreement, subject to the Sale Transactions having been approved by the Independent Shareholders in accordance with the Listing Rules, the Company agreed to sell, or procure its subsidiaries to sell and Jinzhou Aoke agreed to purchase, or procure its subsidiaries to purchase, wire slurry.
- (b) The basis of determining the prices for the Sale Transactions will be in accordance with the prevailing market price of wire slurry. Payment terms for the Sale Transactions will be determined based on normal commercial terms to be agreed after arm's length negotiations between the Group and the Jinzhou Aoke Group from time to time, including without limitation, payment by cash on delivery, payment with a credit term ranging from 30 to 90 days, etc. Other business terms of the Sale Transactions will be determined on an individual purchase order basis and the terms of which will be on normal commercial terms and no less favourable to the Company than terms available to or from Independent Third Parties.



- (c) For each of the three years ending 31 December 2011, the Purchase Caps will not exceed:
- (i) RMB53 million for the year ending 31 December 2009;
  - (ii) RMB107 million for the year ending 31 December 2010; and
  - (iii) 107 million for the year ending 31 December 2011.



The Sale Transactions and the Purchase 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 express their view after receiving advice from the Independent Financial Adviser) consider that the terms of the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement have been negotiated on arm's length basis and the Sale Transactions and the Purchase Transactions will be conducted on normal commercial terms. The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that as far as the Independent Shareholders are concerned, the terms of the Sale Transactions and the Purchase Transactions are fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Sale Transactions and the Purchase Transactions. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement.

Ordinary resolutions will be proposed at the forthcoming Annual General Meeting to consider and, if thought fit, approve the terms of the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement. Mr. Tan and his associates will abstain from voting for the resolutions approving the Sale Transactions and the Purchase Transactions. The circular containing, among other things, further details relating to the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement, the letter from the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the terms of the Sale Transactions and the Purchase Transactions contemplated under the Framework Agreement will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

“Annual General Meeting”                      annual general meeting of the Company to be convened to approve, among other things, the Sale Transactions and the Purchase Transactions or any adjournment thereof

“associate(s)”                              5(e(e)-2825(s)429( )--25(t)55[5(e(ees)429( )--25s5(e(e)-2825m5(e(ees)429( )

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Independent financial Adviser”	the director(s) of the Company
“Framework Agreement”	an agreement dated 17 April 2009 between the Company and Jinzhou Aoke in connection with the Sale Transactions, the Purchase Transactions and the termination of the Processing Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, which has been appointed by the Board to advise the Independent

“PRC”	the People’s Republic of China
“Processing Agreement”	the processing agreement dated 12 August 2008 entered into between the Company and Jinzhou Aoke, the details of which were set out in the Company’s circular dated 2 September 2008
“Processed Materials”	recycled abrasives and mineral oil which are the essential materials for the slicing of solar ingots into solar wafers
“Purchase Caps”	the annual transaction amount of the Purchase Transactions for the three years ending 31 December 2011
“Purchase Transactions”	the transactions in connection with the purchase of the Processed Materials as contemplated under the Framework Agreement
“RMB”	Renminbi, the lawful currency of PRC
“Sale Caps”	the annual transaction amounts under the Sale Transactions for the three years ending 31 December 2011
“Sale Transactions”	the transactions in connection with the sale of the wire slurry as contemplated under the Framework Agreement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“wire slurry”	