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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)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Board wishes to announce that on 2 November 2009, the Group has entered into the following agreements which constitute connected transactions under Chapter 14A of the Listing Rules:

- (a) the Asset Transfer Agreement was entered into between Jinzhou Jinmao and Huachang Guangfu pursuant to which Jinzhou Jinmao has agreed to purchase, and Huachang Guangfu has agreed to sell, the Equipment and Office Furniture, to the Group at a purchase cost of RMB4,099,775.04 (inclusive of value added tax) on and subject to the terms of the Asset Transfer Agreement;
- (b) the Solar Cells Supply Agreement was entered into between the Company and Huachang Guangfu pursuant to which the Company has agreed to purchase (or procure its subsidiaries to purchase), and Huachang Guangfu has agreed to supply, solar cells on and subject to the terms and conditions of the Solar Cells Supply Agreement;
- (c) the Guide Rollers Service Agreement was entered into between the Company and Jingxin Semi-conductor pursuant to which the Company has agreed to engage (or procure its subsidiaries to engage) Jingxin Semi-conductor for the provision of services for re-coating and re-grooving guide rollers which is necessary for slicing of solar ingots into solar wafers on and subject to the terms and conditions of the Guide Rollers Service Agreement;
- (d) the First Photovoltaic System Installation Agreement was entered into between the Company and Kinmac pursuant to which the Company has agreed to engage (or procure its subsidiaries to engage) Kinmac for the provision of, and Kinmac has agreed to provide, the Installation Service to the Group for the development of the Group's solar energy system on a non-exclusive basis in such amounts and quantities as the Company may require on and subject to the terms and conditions of the First Photovoltaic System Installation Agreement; and

- (e) the Second Photovoltaic System Installation Agreement was entered into between the Company and Kinmac pursuant to which Kinmac has agreed to engage the Company for the provision of, and the Company has agreed to provide (or procure its subsidiaries to provide), the Installation Service to Kinmac on a non-exclusive basis in such amounts and quantities as Kinmac may require on and subject to the terms and conditions of the Second Photovoltaic System Installation Agreement.

The transaction under the Asset Transfer constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable ratios for the consideration of the Asset Transfer is more than 0.1% but less than 2.5%, the Asset Transfer will be subject to the reporting and announcement requirements pursuant to the Listing Rules.

The transactions under each of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under each of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement will exceed 2.5%, each of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

The Company will seek the approval by the Independent Shareholders of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic Installation Agreement and their respective annual cap amounts in compliance with Rule 14A.48 of the Listing Rules. An EGM will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement and their respective annual cap amounts. The Company will dispatch the circular containing, among others, further information on the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement and their respective annual cap amounts, the advice of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders and the recommendation of the Independent Board Committee to the Independent Shareholders in connection therewith, and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

The Board wishes to announce that the Group has entered into the following agreements which constitute connected transactions under Chapter 14A of the Listing Rules.

ASSET TRANSFER AGREEMENT

Date: 2 November 2009

Parties: (1) Huachang Guangfu

To the best of the Company's knowledge, information and belief, Huachang Guangfu is owned as to 53% by Huaxin Silicon (a PRC enterprise wholly owned by Mr. Tan), as to 22% by PLC, as to 20% by Grand Sea and as to 5% by an Independent Third Party. Huachang Guangfu is therefore an associate of Mr. Tan and hence a connected person of the Company.

(2) Jinzhou Jinmao

Jinzhou Jinmao is owned as to 51% by Jinzhou Yangguang Energy Co., Ltd. (an indirect wholly owned subsidiary of the Company), as to 35% by Kinmac Holding Limited and as to 14% by an Independent Third Party. Jinzhou Jinmao is treated as a subsidiary of the Company.

Terms of the transaction: Pursuant to the Asset Transfer Agreement, Huachang Guangfu agreed to sell and Jinzhou Jinmao agreed to purchase the Equipment and Office Furniture at a total purchase cost of RMB4,099,775.04 (inclusive of value added tax) which is payable in cash by Jinzhou Jinmao.

The consideration was arrived at after arm's length negotiations between the parties and on normal commercial terms with reference to the unaudited net book value of the Equipment and Office Furniture in the amount of RMB4,099,775.04 (inclusive of value added tax) as shown in Huachang Guangfu's unaudited balance sheet as at 31 July 2009 which represented the original acquisition cost of the Equipment and Office Furniture by Huachang Guangfu.

The consideration will be paid by Jinzhou Jinmao from its internal resources.

Reasons for entering into the Asset Transfer Agreement

The Board considered that the acquisition of the Equipment and Office Furniture by the Group would facilitate the Group's development of its downstream business for the production of solar modules in Jinzhou, Liaoning Province, the PRC and provide support to fulfil the need of the Group's operation. The Directors (including the independent non-executive Directors) consider that the terms of the Asset Transfer Agreement are on normal terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As at the date of this announcement, Huachang Guangfu is owned as to 53% by Huaxin Silicon (a PRC enterprise wholly owned by Mr. Tan), as to 22% by PLC, as to 20% by Grand Sea and as to 5% by an Independent Third Party. Huachang Guangfu is therefore an associate of Mr. Tan and hence a connected person of the Company. Consequently, the Asset Transfer constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable ratios for the consideration of the Asset Transfer is more than 0.1% but less than 2.5%, the Asset Transfer will be subject to the reporting and announcement requirements but will be exempt from the Independent Shareholders' approval requirements pursuant to the Listing Rules.

SOLAR CELLS SUPPLY AGREEMENT

Date:	2 November 2009
Parties:	(1) The Company (2) Huachang Guangfu
Scope:	Pursuant to the Solar Cells Supply Agreement, the Company has agreed to purchase (or procure its subsidiaries to purchase), and Huachang Guangfu has agreed to supply, solar cells on and subject to the terms and conditions of the Solar Cells Supply Agreement.
Term:	The Solar Cells Supply Agreement has a fixed term commencing on the date of the Solar Cells Supply Agreement and ending on 31 December 2011.
Pricing:	The basis of determining the prices for the transactions under the Solar Cells Supply Agreement will be in accordance with the prevailing market price of solar cells and the quantities to be purchased by the Group.
Other terms of the transactions under the Solar Cells Supply Agreement:	The terms of the Solar Cells Supply Agreement and the transaction contemplated thereunder 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 from Independent Third Parties. Payments for the transactions under the Solar Cells Supply Agreement will be at such credit terms as may be agreed between the parties on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties.
Condition:	The Solar Cells Supply Agreement is subject to approval by the Independent Shareholders.

Annual caps: For each of the three financial years ending 31 December 2011, the annual maximum amount for the transactions under the Solar Cells Supply Agreement will not exceed the following amounts:

- (i) RMB34,188,000 for the year ending 31 December 2009;
- (ii) RMB397,860,000 for the year ending 31 December 2010;
and
- (iii) RMB755,934,000 for the year ending 31 December 2011.

The annual cap amounts under the Solar Cells Supply Agreement will be determined by reference to (i) the expected production capacity of solar modules for the three financial years ending 31 December 2011 arising from the Group's inception in the downstream business in the photovoltaic industry; (ii) the expected level of demand of solar cells for the Group's requirements in respect of the production of solar modules; (iii) the anticipated demand from the Group for solar modules; and (iv) the price of solar cells purchased from Independent Third Parties.

Interim transactions

The Group expects that during the period between the date of this announcement and 31 December 2009, it will enter into transactions with Huachang Guangfu for the supply of solar cells from Huachang Guangfu (the "**Interim Solar Cells Transactions**"). The Interim Solar Cells Transactions will be contracted on a transaction-by-transaction basis and individual agreements will be entered into with Huachang Guangfu for each of these Interim Solar Cells Transactions. The aggregate amount of the Interim Solar Cells Transactions is expected to be not more than RMB34,188,000. The Interim Solar Cells Transactions will be on normal commercial terms and will be entered into in the usual and ordinary course of business of the Group. The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Interim Solar Cells Transactions are fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole. As the relevant ratios of the Interim Solar Cells Transactions are less than 2.5%, the Interim Solar Cells Transactions are only subject to the reporting and announcement requirements and will be exempt from the Independent Shareholders' approval requirements under the Listing Rules.

Reasons for entering into the Solar Cells Supply Agreement

As disclosed in the 2009 Interim Report of the Company, the Group established Jinzhou Jinmao for the production and sale of photovoltaic modules. As disclosed in the announcements of the Company dated 1 June 2009 and 11 June 2009, the proposed acquisition of Kinmac, being a producer of photovoltaic modules, demonstrates the Group's further effort and determination to develop its downstream business in the photovoltaic industry. The Directors believe that entering into the Solar Cells Supply Agreement would enable the Group to secure a steady and reliable source of solar cells for the Group's production of quality solar module products with higher stability and efficiency which will in turn enhance the profitability of the Group in the long run.

Implications under the Listing Rules

As mentioned above, Huachang Guangfu is a connected person of the Company. Consequently, the transactions under the Solar Cells Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under the Solar Cells Supply Agreement will exceed 2.5%, the Solar Cells Supply Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

GUIDE ROLLERS SERVICE AGREEMENT

Date: 2 November 2009

Parties: (1) The Company
(2) Jingxin Semi-conductor

To the best of the Company's knowledge, information and belief, Jingxin Semi-conductor is owned as to 40% by Ms. Chen Man, the daughter-in-law of Mr. Tan, and as to 60% by Independent Third Parties. Jingxin Semi-conductor is therefore an associate of Mr. Tan and hence a connected person of the Company.

Scope: Pursuant to the Guide Rollers Service Agreement, the Company has agreed to engage or procure its subsidiaries to engage Jingxin Semi-conductor for the provision of services for re-coating and re-grooving guide rollers which is necessary for slicing of solar ingots into solar wafers.

Term: The Guide Rollers Service Agreement has a fixed term commencing on the date of the Guide Rollers Service Agreement and ending on 31 December 2011.

Pricing: The basis of determining the prices for the transactions under the Guide Rollers Service Agreement will be in accordance with the prevailing market price for the provision of service for re-coating and re-grooving guide rollers.

Other terms of the transactions under the Guide Rollers Service Agreement: The terms of the transactions under the Guide Rollers Service Agreement will be determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties.

Payments for the transactions under the Guide Rollers Service Agreement will be at such credit terms as may be agreed between the parties on normal commercial terms and no less favourable to the Company than terms available from Independent Third Parties.

- Condition: The Guide Rollers Service Agreement is subject to approval by the Independent Shareholders.
- Annual caps: For each of the three financial years ending 31 December 2011, the annual maximum amount for the transactions under the Guide Rollers Service Agreement will not exceed the following amounts:
- (i) RMB1,952,000 for the year ending 31 December 2009;
 - (ii) RMB5,341,000 for the year ending 31 December 2010; and
 - (iii) RMB10,120,000 for the year ending 31 December 2011.

The annual cap amounts under the Guide Rollers Agreement are determined by reference to (i) the anticipated increase in wafer production capacity arising from an expansion in the manufacturing bases which is, subject to the prevailing market conditions, expected to reach approximately 56 million, 150 million and 250 million pieces of wafers by end of 2009, 2010 and 2011, respectively; and (ii) the projected service fee for re-coating and re-grooving guide rollers in the next three financial years.

Interim transactions

The Group expects that during the period between the date of this announcement and 31 December 2009, it will enter into transactions with Jingxin Semi-conductor for the provision of service for re-coating and re-grooving guide rollers (the “**Interim Guide Rollers Transactions**”). The Interim Guide Rollers Transactions will be contracted on a transaction-by-transaction basis and individual agreements will be entered into with Jingxin Semi-conductor for each of these Interim Guide Rollers Transactions. The aggregate amount of the Interim Guide Rollers Transactions is expected to be not more than RMB1,952,000. The Interim Guide Rollers Transactions will be on normal commercial terms and will be entered into in the usual and ordinary course of business of the Group. The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Interim Guide Rollers Transactions are fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole. As the relevant ratios of the Interim Guide Rollers Transactions are less than 2.5%, the Interim Guide Rollers Transactions are only subject to the reporting and announcement requirements and will be exempt from the Independent Shareholders’ approval requirements under the Listing Rules.

Reasons for entering into the Guide Rollers Service Agreement

Re-coating and re-grooving guide rollers installed in wire saws is an important component for slicing of solar ingots into wafers. The Directors believe that with the services to be provided by Jingxin Semi-conductor under the Guide Rollers Service Agreement, the Group’s guide rollers can be re-coated and re-grooved to the satisfaction of the Group and in accordance with the specifications and standards required by the Group, thereby enabling the Group to maintain the quality of its solar wafers.

Implications under the Listing Rules

To the best of the Company's knowledge, information and belief, Jingxin Semi-conductor is owned as to 40% by Ms. Chen Man, the daughter-in-law of Mr. Tan; and as to 60% by Independent Third Parties. Jingxin Semi-conductor is therefore an associate of Mr. Tan and hence a connected person of the Company. Consequently, the transactions under the Guide Rollers Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under the Guide Rollers Service Agreement, when aggregated with the transaction amounts under the Solar Cells Supply Agreement, will exceed 2.5%, the Guide Rollers Service Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

FIRST PHOTOVOLTAIC SYSTEM INSTALLATION AGREEMENT

Date: 2 November 2009

Parties: (1) The Company
(2) Kinmac

Jinzhou Jinmao is owned as to 51% by Jinzhou Yangguang Energy Co., Ltd. (an indirect wholly owned subsidiary of the Company), as to 35% by Kinmac Holding Limited and as to 14% by an Independent Third Party. Jinzhou Jinmao is treated as a subsidiary of the Company. To the best of the Company's knowledge, information and belief, Kinmac Holding Limited is wholly owned by Kinmac. As Kinmac is entitled to control the exercise of 35% voting right in Jinzhou Jinmao, Kinmac is a substantial shareholder of Jinzhou Jinmao for the purpose of the Listing Rules and hence a connected person at the subsidiary level.

Scope: Pursuant to the First Photovoltaic System Installation Agreement, the Company has agreed to engage (or procure its subsidiaries to engage) Kinmac for the provision of, and Kinmac has agreed to provide, the Installation Service to the Group for the development of the Group's photovoltaic system integrator business on a non-exclusive basis in such amounts and quantities as the Company may require on and subject to the terms and conditions of the First Photovoltaic System Installation Agreement. The exact transaction amount of the First Photovoltaic System Installation Agreement will depend on the Group's demand for the Installation Service and its production capacity of solar modules. By entering into the First Photovoltaic System Installation Agreement, the Group is not obliged to engage Kinmac for the Installation Service for any fixed amount during the term of the First Photovoltaic System Installation Agreement.

- Term:** The First Photovoltaic System Installation Agreement has a fixed term commencing on the date of the First Photovoltaic System Installation Agreement and ending on 31 December 2011.
- Pricing:** The basis of determining the prices for the transactions under the First Photovoltaic System Installation Agreement will be in accordance with the prevailing market price of the Installation Service to be provided by Independent Third Parties.
- Other terms of the transactions under the First Photovoltaic System Installation Agreement:** The terms of the First Photovoltaic System Installation Agreement and the transaction contemplated thereunder will be determined on normal commercial terms on a project-by-project basis as offered to other Independent Third Parties who provide similar services for installation of photovoltaic system.
- Payments for the transactions under the First Photovoltaic System Installation Agreement will be mutually agreed between the Company and Kinmac on a project-by-project basis.
- Condition:** The First Photovoltaic System Installation Agreement is subject to approval by the Independent Shareholders.
- Annual caps:** For each of the three financial years ending 31 December 2011, the annual maximum amount for the transactions under the First Photovoltaic System Installation Agreement will not exceed the following amounts:
- (i) RMB37,000,000 for the year ending 31 December 2009;
 - (ii) RMB316,750,000 for the year ending 31 December 2010;
and
 - (iii) RMB601,825,000 for the year ending 31 December 2011.

The annual cap amounts under the First Photovoltaic System Installation Agreement will be determined by reference to (i) the expected capacity of solar modules for the three financial years ending 31 December 2011 arising from the Group's inception in the downstream business in the photovoltaic industry; (ii) the anticipated demand from the Group for photovoltaic system installation projects; and (iii) the costs of materials (including solar modules and other relevant parts and components) involved for the installation of photovoltaic system.

Interim transactions

The Group expects that during the period between the date of this announcement and 31 December 2009, it may enter into transactions with Kinmac for the Installation Service (the “**First Interim Installation Transactions**”). The First Interim Installation Transactions may be entered into at such transaction amount and quantities as may be required by the Group and individual agreements will be entered into with Kinmac for each of the First Interim Installation Transactions, the terms of which will be in accordance with the normal commercial terms as may be agreed on a project-by-project basis. The aggregate amount of the First Interim Installation Transactions is expected to be not more than RMB37,000,000. The First Interim Installation Transactions are expected to be on normal commercial terms and will be entered into in the usual and ordinary course of business of the Group. The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Interim Installation Transactions are expected to be fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole. As the relevant ratios of the First Interim Installation Transactions are expected to be less than 2.5%, the First Interim Installation Transactions are only subject to the reporting and announcement requirements and will be exempt from the Independent Shareholders’ approval requirements under the Listing Rules.

Reasons for entering into the First Photovoltaic System Installation Agreement

As mentioned above, the Group is developing its downstream business in the photovoltaic industry. The Directors believe that the First Photovoltaic System Installation Agreement would enable the Group with the option to engage Kinmac as photovoltaic system integrator for its photovoltaic system installation projects. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience and the specific photovoltaic system integration qualifications of Kinmac, and by better cost and time efficiency in managing its solar installation.

Implications under the Listing Rules

As disclosed in the announcements of the Company dated 1 June 2009 and 11 June 2009, Jinzhou Jinmao is owned as to 51% by Jinzhou Yangguang Energy Co., Ltd. (an indirect wholly owned subsidiary of the Company), as to 35% by Kinmac Holding Limited and as to 14% by an Independent Third Party. Jinzhou Jinmao is treated as a subsidiary of the Company. To the best of the Company’s knowledge, information and belief, Kinmac Holding Limited is wholly owned by Kinmac. As Kinmac is entitled to control the exercise of 35% voting right in Jinzhou Jinmao, Kinmac is a substantial shareholder of Jinzhou Jinmao for the purpose of the Listing Rules and hence a connected person at the subsidiary level. Consequently, the transactions under the First Photovoltaic System Installation Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under the First Photovoltaic System Installation Agreement will exceed 2.5%, the First Photovoltaic System Installation Agreement will be subject to the reporting, announcement and Independent Shareholders’ approval requirements pursuant to the Listing Rules.

SECOND PHOTOVOLTAIC SYSTEM INSTALLATION AGREEMENT

Date: 2 November 2009

Parties: (1) The Company
(2) Kinmac

Scope: Pursuant to the Second Photovoltaic System Installation Agreement, Kinmac has agreed to engage the Company for the provision of, and the Company has agreed to provide (or procure its subsidiaries to provide), the Installation Service to Kinmac on a non-exclusive basis in such amounts and quantities as Kinmac may require on and subject to the terms and conditions of the Second Photovoltaic System Installation Agreement. The exact transaction amount of the Second Photovoltaic System Installation Agreement will depend on Kinmac's demand for the Installation Service and its production capacity of solar modules. By entering into the Second Photovoltaic System Installation Agreement, Kinmac is not obliged to engage the Company for the Installation Service for any fixed amount during the term of the Second Photovoltaic System Installation Agreement.

Term: The Second Photovoltaic System Installation Agreement has a fixed term commencing on the date of the Second Photovoltaic System Installation Agreement and ending on 31 December 2011.

Pricing: The basis of determining the prices for the transactions under the Second Photovoltaic System Installation Agreement will be in accordance with the prevailing market price of the Installation Service to be provided by Independent Third Parties.

Other terms of the transactions under the Second Photovoltaic System Installation Agreement: The terms of the Second Photovoltaic System Installation Agreement and the transaction contemplated thereunder will be determined on normal commercial terms on a project-by-project basis as offered to other Independent Third Parties who provide similar services for installation of photovoltaic system.

Payments for the transactions under the Second Photovoltaic System Installation Agreement will be mutually agreed between the Company and Kinmac on a project-by-project basis.

Condition: The Second Photovoltaic System Installation Agreement is subject to approval by the Independent Shareholders.

Annual caps: For each of the three financial years ending 31 December 2011, the annual maximum amount for the transactions under the Second Photovoltaic System Installation Agreement will not exceed the following amounts:

- (i) RMB37,000,000 for the year ending 31 December 2009;
- (ii) RMB316,750,000 for the year ending 31 December 2010;
and
- (iii) RMB601,825,000 for the year ending 31 December 2011.

The annual cap amounts under the Second Photovoltaic System Installation Agreement will be determined by reference to (i) the expected capacity of solar modules of Kinmac for the three financial years ending 31 December 2011; (ii) the anticipated demand from Kinmac for photovoltaic system installation projects; and (iii) the costs of materials (including solar modules and other relevant parts and components) involved for the installation of photovoltaic system.

Interim transactions

The Group expects that during the period between the date of this announcement and 31 December 2009, it may enter into transactions with Kinmac for the provision of Installation Service to Kinmac (the “**Second Interim Installation Transactions**”). The Second Interim Installation Transactions may be entered into at such transaction amount and quantities as may be required by Kinmac and individual agreements will be entered into with Kinmac for each of the Second Interim Installation Transactions, the terms of which will be in accordance with the normal commercial terms as may be agreed on a project-by-project basis. The aggregate amount of the Second Interim Installation Transactions is expected to be not more than RMB37,000,000. The Second Interim Installation Transactions are expected to be on normal commercial terms and will be entered into in the usual and ordinary course of business of the Group. The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Second Interim Installation Transactions are expected to be fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole. As the relevant ratios of the Second Interim Installation Transactions are expected to be less than 2.5%, the Second Interim Installation Transactions are only subject to the reporting and announcement requirements and will be exempt from the Independent Shareholders’ approval requirements under the Listing Rules.

Reasons for entering into the Second Photovoltaic System Installation Agreement

As mentioned above, the Group is developing its downstream business in the photovoltaic industry. The Directors believe that the Second Photovoltaic System Installation Agreement would enable the Group to utilise its expertise in photovoltaic system integration and generate additional revenue to the Group.

Relationship between the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement

Jinzhou Jinmao and Kinmac are both principally engaged in the production of photovoltaic modules and the provision of photovoltaic system installation services which are the downstream businesses in the photovoltaic industry. Jinzhou Jinmao mainly focused on the photovoltaic market in the PRC whereas Kinmac is a Taiwanese company and principally focused on the photovoltaic market outside the PRC. By entering into the First Photovoltaic System Installation Agreement, the Group would have the right to engage Kinmac and utilise its resources (including without limitation, the photovoltaic modules production capacity of Kinmac) for the photovoltaic system installation projects in the PRC. On the other hand, by entering into the Second Photovoltaic System Installation Agreement, Kinmac would have the right to utilise Jinzhou Jinmao's resources (including without limitation, the photovoltaic modules production capacity of Jinzhou Jinmao) for the photovoltaic system installation projects outside the PRC. The Company considers the arrangements under the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement would enable the Group to improve its operating efficiency and achieve synergies for the Group's development of the photovoltaic business.

As announced on 11 June 2009, a sale and purchase agreement has been entered into for the proposed acquisition by the Group of 77.17% interest in Kinmac (the "**Proposed Acquisition**"). Completion of the Proposed Acquisition is conditional on, among others, the relevant governmental consent and approval having been obtained. Should the Proposed Acquisition be completed, Kinmac will become a subsidiary of the Company and the transactions under the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement between the Group and Kinmac will cease to be continuing connected transactions under Chapter 14A of the Listing Rules. Further announcement on the status of the Proposed Acquisition will be made by the Company in due course.

Implications under the Listing Rules

As disclosed above, Kinmac is a connected person of the Company at the subsidiary level. Consequently, the transactions under the Second Photovoltaic System Installation Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable ratios under the respective aggregate annual amounts of the transactions contemplated under the Second Photovoltaic System Installation Agreement will exceed 2.5%, the Second Photovoltaic System Installation Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the Listing Rules.

GENERAL INFORMATION

The Group is one of the leading manufacturers of monocrystalline silicon solar 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 solar ingots and wafers are used for the manufacturing of photovoltaic cells which are important components of the solar energy generation system. The Group has also extended into the manufacture of multicrystalline silicon solar ingots and wafers, the production and sales of photovoltaic modules as well as installation of photovoltaic systems in 2009.

Huachang Guangfu is established in the PRC and is principally engaged in the manufacturing of photovoltaic cells and solar cells. Jingxin Semi-conductor is established in the PRC and is principally engaged in the business of guide rollers re-coating and re-grooving. Kinmac is established in Taiwan and is principally engaged in the production of photovoltaic modules, the design and installation of solar panel modules.

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 Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement were negotiated on arm's length basis and the transactions contemplated thereunder will be conducted in the usual and ordinary course of businesses of the Group and 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 the terms of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement are fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole.

The Company will seek the approval by the Independent Shareholders of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement and their respective annual cap amounts in compliance with Rule 14A.48 of the Listing Rules.

EGM

An EGM will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement and their respective annual cap amounts. The Company will dispatch the circular containing, among others, further information on the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement and their respective annual cap amounts, the advice of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders and the recommendation of the Independent Board Committee to the Independent Shareholders in connection therewith, and the notice of the EGM 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:

“Asset Transfer”	the transfer of the Equipment and Office Furniture pursuant to the Asset Transfer Agreement
“Asset Transfer Agreement”	the asset transfer agreement dated 2 November 2009 entered into between Jinzhou Jinmao and Huachang Guangfu pursuant to which Jinzhou Jinmao agreed to purchase and Huachang Guangfu agreed to sell the Equipment and Office Furniture
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Solargiga Energy Holdings Limited (stock code: 757), 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 person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened to approve, among other things, the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic Installation Agreement and their respective annual cap amounts or any adjournment thereof
“Equipment”	the equipment and facilities which are the subject matter to be transferred pursuant to the Asset Transfer Agreement, which includes the equipment for the production of solar modules, computers, printers and information technologies equipment
“First Photovoltaic System Installation Agreement”	the framework agreement dated 2 November 2009 entered into between the Company and Kinmac in respect of the provision of photovoltaic system installation service from Kinmac to the Group

“Grand Sea”	Grand Sea Investments Limited, a Shareholder which is owned as to approximately 62.5% by Ms. Katherine Chiao, approximately 18.75% by Mr. Edward Young Chiao and approximately 18.75% by Mr. Stephen Chiao Sun-Hai (the brother of Mr. Chiao Ping Hai)
“Group”	the Company and its subsidiaries
“Guide Rollers Service Agreement”	the framework service agreement dated 2 November 2009 entered into between the Company and Jingxin Semi-conductor in respect of the provision of the services for re-coating and re-grooving guide rollers which is necessary for slicing of solar ingots into solar wafers
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huachang Guangfu”	Jinzhou Huachang Photovoltaic Technology Co., Ltd.* (錦州華昌光伏科技有限公司), a company established in the PRC
“Huaxin Silicon”	Jinzhou Huaxin Silicon Material Trading Department* (錦州華新硅材料經營部), a sole proprietorship enterprise established in the PRC and wholly-owned by Mr. Tan, is engaged in investment holding
“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 Shareholders on the transactions contemplated under the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Solar Cells Supply Agreement, the Guide Rollers Service Agreement, the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement and their respective annual cap amounts

“Independent Shareholders”	the Shareholders other than Mr. Tan, Mr. Chong, PLC, Grand Sea, 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
“Installation Service”	the installation of photovoltaic system for solar energy generation on and subject to the terms and conditions of the First Photovoltaic System Installation Agreement and the Second Photovoltaic System Installation Agreement
“Jingxin Semi-conductor”	Jingxin Semi-conductor Material Company Limited* (京鑫半導體材料有限公司), a company established in the PRC
“Jinzhou Jinmao”	Jinzhou Jinmao Photovoltaic Technology Co., Ltd* (錦州錦懋光伏科技有限公司), a company established in the PRC and an indirect non-wholly subsidiary of the Company
“Kinmac”	Kinmac Solar Corporation, a company incorporated in Taiwan with limited liability
“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 substantial Shareholder holding approximately 27.87% of the issued shares of the Company as at the date of this announcement and hence a connected person of the Company
“Office Furniture”	the office furniture which are the subject matter to be transferred pursuant to the Asset Transfer Agreement, which includes the desks, chairs, cabinets and other furniture for office use
“PLC”	Prosperity Lamps and Components Limited, a Shareholder which is owned as to 65% by Mr. Chong’s wholly owned companies and, as to 35% by Independent Third Parties

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Second Photovoltaic System Installation Agreement”	the framework agreement dated 2 November 2009 entered into between the Company and Kinmac in respect of the provision of photovoltaic system installation service from the Group to Kinmac
“Shareholder(s)”	shareholder(s) of the Company
“Solar Cells Supply Agreement”	the framework supply agreement dated 2 November 2009 entered into between the Company and Huachang Guangfu in respect of the supply of solar cells from Huachang Guangfu to the Group
“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

Hong Kong, 2 November 2009

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 Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun are independent non-executive Directors.