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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)**

### **TERMINATION OF SALE AND PURCHASE AGREEMENT AND RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 30 September 2010, the Company entered into the S&P Agreement with the Vendors and the Warrantors pursuant to which the Company conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Sino Light, from the Vendors for a total consideration of HK\$835,200,000 to be satisfied in full by the allotment and issue of 435,000,000 Consideration Shares at an issue price of HK\$1.92 per Consideration Share.

The Board wishes to announce that on 4 October 2010, the Company, the Vendors and the Warrantors entered into the Termination Agreement to terminate the S&P Agreement. The Board considers that the Termination will not have any material adverse impact on the existing business, operation or financial position of the Group.

#### **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 4 October 2010 pending the release of an announcement in respect of the Acquisition. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 October 2010 as a result of the Termination.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

## **BACKGROUND**

On 30 September 2010, the Company entered into the S&P Agreement with the Vendors and the Warrantors pursuant to which the Company conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Sino Light, from the Vendors for a total consideration of HK\$835,200,000 to be satisfied in full by the allotment and issue of 435,000,000 Consideration Shares at an issue price of HK\$1.92 per Consideration Share. Sino Light is interested in 100% of the issued shares of You Xin which in turn owns 100% equity interests in HPT. HPT is a company established in the PRC with limited liability and is principally engaged in the business of manufacture of silicon solar cells.

As the applicable percentage ratios, where appropriate, calculated with reference to Rule 14.07 of the Listing Rules, exceeded 25% but were less than 100%, the Acquisition and the transactions contemplated thereunder constituted a major transaction for the Company under the Listing Rules. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) since the First Vendor is wholly owned by Mr. Tan, the First Vendor is an associate of Mr. Tan and is therefore a connected person of the Company under the Listing Rules; and (ii) since the Fourth Vendor is beneficially owned as to 65% by companies wholly owned by Mr. Chong, the Fourth Vendor is an associate of Mr. Chong and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the transactions contemplated thereunder also constituted connected transactions for the Company under the Listing Rules.

As at the date of the S&P Agreement, the Vendors, Mr. Tan and parties acting in concert with any one of them held an aggregate of approximately 35.17% of the issued share capital of the Company. Assuming no further Shares would have been issued by the Company prior to the allotment and issue of the Consideration Shares, interests in the issued share capital of the Company held by the Vendors, Mr. Tan and parties acting in concert with any one of them would have increased by more than 2% from approximately 35.17% of the existing issued share capital of the Company to approximately 47.75% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares upon Completion. The Vendors, Mr. Tan and parties acting in concert with any one of them would, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to the Vendors upon Completion.

## THE TERMINATION

Pursuant to the S&P Agreement, Completion is subject to and conditional upon, among other things, the Whitewash Waiver having been granted by the Executive which was not waivable by any of the parties to the S&P Agreement. However, the Company had been notified on 4 October 2010 that an associate of the Fourth Vendor had made the following open market dealings in the Shares in the six months prior to the date of the S&P Agreement:

<b>Date of dealing</b>	<b>Type of dealing</b>	<b>No. of Shares involved</b>	<b>Transaction price per Share (HK\$)</b>
5 May 2010	Acquisition	100,000	1.64
10 May 2010	Acquisition	100,000	1.51
11 May 2010	Acquisition	200,000	1.47
20 May 2010	Acquisition	100,000	1.39
24 May 2010	Acquisition	100,000	1.34
26 May 2010	Acquisition	100,000	1.23
23 July 2010	Disposal	(200,000)	1.58

Upon being notified of the above, the Company considered that for the purpose of the S&P Agreement, it would not be able to obtain the Whitewash Waiver given the above dealings constituted disqualifying transactions under paragraph 3 of Schedule VI to the Takeovers Code and the Acquisition would not proceed to Completion. Accordingly, the Company, the Vendors and the Warrantors entered into the Termination Agreement on 4 October 2010 whereby the parties agreed to terminate the S&P Agreement with effect from 4 October 2010. Pursuant to the Termination Agreement, the Company, the Vendors and the Warrantors shall be released from all obligations and liabilities under the S&P Agreement, and none of the parties to the S&P Agreement shall have any claims against the others.

As at the date of this announcement, the Company is still awaiting confirmation(s) from the Fourth Vendor of any dealings in the Shares by its other associates during the six months prior to the release of this announcement. Based on the information so far available to the Company (in particular the dealings in Shares as disclosed above) and subject to obtaining all outstanding confirmation(s) on any dealings in Shares during the six months prior to the release of this announcement which constitute disqualifying transactions, the Company considers the six-month restriction for the purpose of disqualifying transactions under paragraph 3 of Schedule VI of the Takeovers Code should expire on 26 November 2010.

Notwithstanding the Termination, it is the intention of the Company to maintain an open dialog with the Vendors on the Acquisition so far as relevant regulatory requirements are being complied in full. However, Shareholders and potential investors should note that a definitive agreement may or not be materialised, and that if a definitive agreement shall have been reached, the structure and terms of the Acquisition may be different from those previously agreed under the S&P Agreement. In any event, if any future agreement in relation to the Acquisition is to be entered into which results in an obligation on the part of the Vendors (and parties acting in concert with them) to make a general offer in accordance with the Takeovers Code, the Company will take necessary steps to ensure that all relevant regulatory requirements (including those under the Takeovers Code) are observed and fully complied with.

**Shareholders and potential investors should note that agreement among the parties concerned may or may not be successfully reached and there is no assurance that any transaction will proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the shares of the Company.**

The Board considers that the Termination will not have any material adverse impact on the existing business, operation or financial position of the Group.

Shareholders will be informed of any further development with regards to the captioned possible transaction as and when necessary and on a monthly basis pursuant to Rule 3.7 of the Takeovers Code until an announcement of a firm intention to make an offer or of a decision not to proceed with an offer is made in compliance with the Takeovers Code.

## **OTHER INFORMATION**

As at the date of this announcement, there are 1,807,170,425 Shares in issue and 21,094,163 outstanding share options granted under the existing share option scheme of the Company.

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company (including Shareholders holding 5% or more of any class of relevant securities of the Company) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 4 October 2010 pending the release of an announcement in respect of the Acquisition. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 October 2010 as a result of the Termination.

## DEFINITIONS

Unless otherwise defined, the terms in this announcement have the following meanings:

“Acquisition”	the acquisition by the Company of the Sale Shares pursuant to the terms of the S&P Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Solargiga Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms of the S&P Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	new Shares to be allotted and issued to the Vendors in consideration for the Acquisition pursuant to the terms of the S&P Agreement
“Director(s)”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate
“Fifth Vendor”	Seaquest Ventures Inc., an investment holding company incorporated in the BVI and is beneficially and wholly owned by an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Fifth Vendor
“Fifth Warrantors”	Fifth Vendor together with its sole shareholder
“First Vendor”	You Hua Investment Corporation, an investment holding company incorporated in the BVI and is beneficially and wholly owned by Mr. Tan
“First Warrantors”	First Vendor together with Mr. Tan

“Fourth Vendor”	Prosperity Lamps & Components Limited, a Hong Kong incorporated company beneficially owned as to 65% by companies wholly owned by Mr. Chong, and as to 30% and 5% by two independent third parties under the Listing Rules but for the purpose of the Takeovers Code are considered to be parties acting in concert with the Fourth Vendor. The principal business of the Fourth Vendor is trading of lighting equipment
“Fourth Warrantors”	Fourth Vendor together with Mr. Chong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HPT”	Jinzhou Huachang Photovoltaic Technology Co., Ltd (錦州華昌光伏科技有限公司), a wholly foreign owned enterprise established in the PRC with limited liability and wholly owned by You Xin as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chong”	Mr. Chong Kin Ngai, a non-executive Director who is beneficially interested in approximately 4.57% of the issued share capital of the Company and holds, as trustee for certain Directors, senior management and staff of the Group, approximately 1.44% in aggregate of the issued share capital of the Company, as at the date of this announcement
“Mr. Tan”	Mr. Tan Wenhua, an executive Director and substantial shareholder of the Company and a connected person who is beneficially interested in approximately 26.33% of its issued share capital as at the date of this announcement
“PRC”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“S&P Agreement”	The sale and purchase agreement dated 30 September 2010 and entered into among the Company, the Vendors and the Warrantors in relation to the Acquisition

“Sale Shares”	53,888,261 ordinary shares of US\$0.001 each in the capital of Sino Light, which are owned as to approximately 32.14% by the First Vendor, 15.55% by the Second Vendor, 14.00% by the Third Vendor, 7.70% by the Fourth Vendor, 5.00% by the Fifth Vendor, 22.20% by the Sixth Vendor and 3.41% by the Seventh Vendor as at the date of this announcement
“Second Vendor”	Wintek International Corp., an investment holding company incorporated in Samoa and is beneficially and wholly owned by an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Second Vendor
“Second Warrantors”	Second Vendor together with its sole shareholder
“Seventh Vendor”	Sunvision Capital Investment Limited, an investment holding company incorporated in Samoa and is beneficially and wholly owned by an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Seventh Vendor
“Seventh Warrantors”	Seventh Vendor together with its sole shareholder
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Sino Light”	Sino Light Investments Limited, a company incorporated in the BVI with limited liability
“Sixth Vendor”	Lithium Energy Holdings Corporation, an investment holding company incorporated in the BVI and is beneficially and wholly owned by an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Sixth Vendor
“Sixth Warrantors”	Sixth Vendor together with its sole shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination”	termination of the S&P Agreement pursuant to the Termination Agreement

“Termination Agreement”	the termination agreement dated 4 October 2010 and entered into among the Company, the Vendors and the Warrantors in relation to the Termination
“Third Vendor”	Grand Sea Investments Limited, an investment holding company incorporated in Samoa, the issued share capital of which is beneficially owned as to approximately 37.5% by Mr. Chiao Stephen Sun-Hai (the elder brother of Mr. Chiao Ping Hai who is a non-executive Director and the chairman of the Company) and as to approximately 62.5% by an independent third party under the Listing Rules but for the purpose of the Takeovers Code is considered to be a party acting in concert with the Third Vendor
“Third Warrantors	Third Vendor together with Mr. Chiao Stephen Sun-Hai
“Vendors”	First Vendor, Second Vendor, Third Vendor, Fourth Vendor, Fifth Vendor, Sixth Vendor and Seventh Vendor
“Warrantors”	First Warrantors, Second Warrantors, Third Warrantors, Fourth Warrantors, Fifth Warrantors, Sixth Warrantors and Seventh Warrantors
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on the Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Vendors, Mr. Tan and parties acting in concert with any one of them to make a mandatory general offer for all Shares not already owned or agreed to be acquired by them which would otherwise arise as a result of the Completion
“You Xin”	You Xin Investment Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Sino Light as at the date of this announcement

By order of the Board  
**Solargiga Energy Holdings Limited**  
**Hsu You Yuan**  
*Executive Director*

Hong Kong, 5 October 2010

*As at the date of this announcement, the Board comprises Mr. Tan Wenhua, Mr. Hsu You Yuan and Ms. Zhang Liming as executive Directors, Mr. Chiao Ping Hai (Chairman) and Mr. Chong Kin Ngai as non-executive Directors, and Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*