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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)**

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

#### FINANCIAL HIGHLIGHTS

Profit after tax	2013	2012	Change
	HK\$ 44.5 million	HK\$ 44.5 million	6.0%
Profit before tax	2013	2012	Change
	HK\$ 154.725 million	HK\$ 154.725 million	1.5%
Operating profit	2013	2012	Change
	HK\$ 136.431 million	HK\$ 136.431 million	7.4%
Operating expenses	2013	2012	Change
	HK\$ 2.4 million	HK\$ 2.4 million	3.0%
Operating profit per share	2013	2012	Change
	HK\$ 5.02	HK\$ 5.02	3.0%
Profit after tax per share	2013	2012	Change
	HK\$ 1.4	HK\$ 1.4	6.0%





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Unaudited 30 June 2013	31 June 2012
Note	RMB'000	RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	1,861,602	1,176,404
Intangible assets	7,025	4,522
Investments in subsidiaries	100,067	101,361
Investments in associates	307,833	316,543
Available-for-sale financial assets	128,264	124,457
	<u>2,404,791</u>	<u>2,464,627</u>
<b>Current assets</b>		
Accounts receivable	393,966	424,177
Accounts payable	668,039	720,747
Prepaid expenses	500	7,070
Other receivables	294,510	174,234
Other payables	287,846	153,733
	<u>1,644,861</u>	<u>1,403,961</u>
<b>Current liabilities</b>		
Accounts payable	784,053	46,000
Accounts receivable	1,151,390	1,015,000
	<u>1,935,443</u>	<u>1,061,000</u>
<b>Net current liabilities</b>	<u>(290,582)</u>	<u>(35,052)</u>
<b>Total assets less current liabilities</b>	<u>2,114,209</u>	<u>2,075,575</u>
<b>Non-current liabilities</b>		
Accounts payable	395,663	472,000
Accounts receivable	298,600	2,600
Other payables	9,067	11,757
Other liabilities	216,627	221,701
Other liabilities	12,054	,007
	<u>932,011</u>	<u>1,023,345</u>
<b>NET ASSETS</b>	<u>1,182,198</u>	<u>1,051,230</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	276,727	217,700
Reserves	876,157	800,011
<b>Total equity attributable to equity shareholders of the Company</b>	<u>1,152,884</u>	<u>1,017,711</u>
<b>Non-controlling interests</b>	<u>29,314</u>	<u>32,352</u>
<b>TOTAL EQUITY</b>	<u>1,182,198</u>	<u>1,051,230</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 1. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis. The financial statements for the period ended 31 March 2013 are unaudited. The financial statements for the period ended 31 March 2012 are audited. The financial statements for the period ended 31 March 2013 are prepared on a going concern basis.

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### (i) Available banking facilities

The financial statements for the period ended 31 March 2013 are unaudited. The financial statements for the period ended 31 March 2012 are audited. The financial statements for the period ended 31 March 2013 are prepared on a going concern basis.

### (ii) New business cooperation

The financial statements for the period ended 31 March 2013 are unaudited. The financial statements for the period ended 31 March 2012 are audited. The financial statements for the period ended 31 March 2013 are prepared on a going concern basis.

(iii) Other measures to improve liquidity and financial performance

- (1) ...
- (2) ...
- (3) ...
- (4) ...
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2. CHANGES IN ACCOUNTING POLICIES

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- ... 1, Presentation of financial statements – Presentation of items of other comprehensive income
- ... 10, Consolidated financial statements
- ... 12, Disclosure of interests in other entities
- ... 13, Fair value measurement
- Annual Improvements to HKFRSs 2009-2011 Cycle
- ... 7, Disclosures – Offsetting financial assets and financial liabilities

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### 3. SEGMENT REPORTING

#### (a) Segment results and assets

	Unaudited Six months ended 30 June 2013			
	Segment A RMB'000	Segment B RMB'000	Segment C RMB'000	Total RMB'000
Revenue	333,641	358,656	126,643	818,940
Cost of sales	146,825	–	220,372	367,197
Operating profit	<u>480,466</u>	<u>358,656</u>	<u>347,015</u>	<u>1,186,137</u>
Finance income/(cost)	<u>(253,764)</u>	<u>47,052</u>	<u>67,243</u>	<u>(139,469)</u>
	Unaudited 30 June 2013			
	Segment A RMB'000	Segment B RMB'000	Segment C RMB'000	Total RMB'000
Operating assets	<u>2,987,409</u>	<u>362,119</u>	<u>700,124</u>	<u>4,049,652</u>
Non-current assets	<u>2,263,281</u>	<u>355,823</u>	<u>248,350</u>	<u>2,867,454</u>

	December 31, 2012			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable	304,732	22,006	15,221	44,5
Prepaid expenses	4,56	4,67	165,646	1,064,3

4. OTHER REVENUE

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Interest income	7,039	72
Dividend income	1,256	2,511
Other income	797	74
Other	13	2
	<u>1,149</u>	<u>1,203</u>
	<u>10,254</u>	<u>13,415</u>

5. OTHER NET INCOME

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Other net income	<u>3,625</u>	<u>1,511</u>

6. LOSS BEFORE TAXATION

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank borrowings	46,446	47,010
Interest on other borrowings	7,600	7,700
	<u>54,046</u>	<u>54,710</u>
Other	(3,274)	(227)
	<u>50,772</u>	<u>54,483</u>
(b) Other items		
Interest on bank deposits	83,520	7,266
Interest on other deposits	69,850	132,051
Interest on other financial assets	3,047	21
Other	33,444	42,247
	<u>22,554</u>	<u>-</u>
Other	-	13,266
	<u>1,294</u>	<u>1,261</u>
	<u>516</u>	<u>55</u>



**8. DIVIDENDS**

The Company has not declared any dividends for the periods ended 30 June 2013 (2012: nil).

**9. LOSS PER SHARE**

**(a) Basic loss per share**

The weighted average number of ordinary shares outstanding during the periods ended 30 June 2013 and 2012 were 136,431,000 (2012: 660,127,000) shares. The weighted average number of ordinary shares outstanding during the periods ended 30 June 2013 and 2012 were 2,242,170,425 (2012: 2,242,170,425) shares.

**(b) Weighted average number of ordinary shares**

	Unaudited Number of ordinary shares	
	2013	2012
Weighted average number of ordinary shares	2,491,300,472	2,242,170,425
Weighted average number of ordinary shares	187,191,638	
Weighted average number of ordinary shares	41,742,983	
	<u>2,720,235,093</u>	<u>2,242,170,425</u>

**(c) Diluted loss per share**

The weighted average number of ordinary shares outstanding during the periods ended 30 June 2013 and 2012 were 2,720,235,093 (2012: 2,242,170,425) shares.

**10. TRADE AND OTHER RECEIVABLES**

	Unaudited 30 June 2013 RMB'000	31 June 2012 RMB'000
Trade receivables	273,409	27,544
Other receivables	58,548	53,615
Prepaid expenses	203,950	1,336
Accounts receivable	97,968	75,350
Accounts payable	34,164	11,020
	<u>668,039</u>	<u>720,747</u>

The weighted average number of ordinary shares outstanding during the periods ended 30 June 2013 and 2012 were 2,720,235,093 (2012: 2,242,170,425) shares.

Table 10: Comparison of the results of the 2013 and 2012 audits of the financial statements of the Company (in RMB'000)

	Unaudited 30 June 2013 RMB'000	31 June 2012 RMB'000
1. 3	151,586	143,10
4. 6	39,767	36,067
7. 12	9,261	55,55
1	51,878	22,3 5
	20,917	22,464
	<u>273,409</u>	<u>27 5 4</u>

Table 11: Comparison of the results of the 2013 and 2012 audits of the financial statements of the Company (in RMB'000)

Table 12: Comparison of the results of the 2013 and 2012 audits of the financial statements of the Company (in RMB'000)



# MANAGEMENT DISCUSSION AND ANALYSIS

## Market Overview

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*Module Business*

The module business revenue for the first three months of 2013 was 150 million yen, an increase of 17% from 128 million yen for the same period in 2012. The gross profit for the first three months of 2013 was 77 million yen, an increase of 11% from 69 million yen for the same period in 2012. The gross profit margin for the first three months of 2013 was 51%, an increase of 1 percentage point from 50% for the same period in 2012. The number of modules sold for the first three months of 2013 was 370,000 units, an increase of 4% from 355,000 units for the same period in 2012. The average selling price per unit for the first three months of 2013 was 405 yen, an increase of 1.5% from 398 yen for the same period in 2012.

*Photovoltaic System Investment Business*

The photovoltaic system investment business revenue for the first three months of 2013 was 33 million yen, an increase of 20% from 27 million yen for the same period in 2011. The gross profit for the first three months of 2013 was 1.15 million yen, an increase of 4% from 1.1 million yen for the same period in 2011. The gross profit margin for the first three months of 2013 was 3.5%, an increase of 0.1 percentage point from 3.4% for the same period in 2011.

*Turnover*

The turnover for the first three months of 2013 was 1.4 billion yen, an increase of 6% from 1.3 billion yen for the same period in 2012.

*Cost of sales*

The cost of sales for the first three months of 2013 was 0.964 billion yen, an increase of 7.7% from 0.9 billion yen for the same period in 2012. The gross profit for the first three months of 2013 was 0.436 billion yen, an increase of 34.2% from 0.336 billion yen for the same period in 2012. The gross profit margin for the first three months of 2013 was 25.1%, an increase of 0.3 percentage points from 24.8% for the same period in 2012.

*Gross profit and gross profit margin*

The gross profit for the period ended 30 September 2013, was 113.475 million dollars, representing 2.3% of sales, compared with 154.725 million dollars, representing 31.1% of sales for the period ended 30 September 2012.

*Selling and distribution expenses*

Selling and distribution expenses for the period ended 30 September 2013, were 7.24 million dollars, representing 0.4% of sales, compared with 13.711 million dollars, representing 1.7% of sales for the period ended 30 September 2012, (2012 1.5%).

*Administrative expenses*

Administrative expenses for the period ended 30 September 2013, were 11.643 million dollars, representing 4.4% of sales, compared with 33.444 million dollars, representing 13.1% of sales for the period ended 30 September 2012, (2012 11.643 million dollars, representing 4.4% of sales).

*Finance costs*

Finance costs for the period ended 30 September 2013, were 54.43 million dollars, compared with 50.772 million dollars for the period ended 30 September 2012.

*Income tax*

Income tax for the period ended 30 September 2013, was 2.212 million dollars, compared with 22.163 million dollars for the period ended 30 September 2012.

*Loss attributable to the equity shareholders*

The loss attributable to the equity shareholders for the period ended 30 September 2013, was 136.431 million dollars, representing 7.4% of sales, compared with 660.12 million dollars for the period ended 30 September 2012.



*Human resources*

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**Future prospects and strategies**

5. The Company has not declared any dividends since its formation. The Company's policy is to retain all earnings for the development and expansion of the business. The Board of Directors may, at its discretion, declare dividends in the future.

**DIVIDEND**

The Company has not declared any dividends since its formation. The Company's policy is to retain all earnings for the development and expansion of the business. The Board of Directors may, at its discretion, declare dividends in the future.

**CORPORATE GOVERNANCE AND OTHER INFORMATION**

**Corporate Governance**

The Company has not declared any dividends since its formation. The Company's policy is to retain all earnings for the development and expansion of the business. The Board of Directors may, at its discretion, declare dividends in the future.

**Model Code for Securities Transactions by Directors**

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**Purchase, Sale and Redemption of the Company's Listed Securities**

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## Audit Committee

The Audit Committee consists of three members, including two independent non-executive Directors, Mr. Tan Wenhua (Chairman) and Mr. Tan Xin, and one executive Director, Mr. Wang Chunwei. The Audit Committee was established on 30 June 2013.

## PUBLICATION OF FINANCIAL INFORMATION

The Company has adopted the disclosure standards set out in the Listing Rules and the Securities and Futures Ordinance (SFO) for the publication of financial information. The Company's financial information is published in the form of annual reports, interim reports and circulars, which are available on the Company's website and the Stock Exchange website.

**Solargiga Energy Holdings Limited**  
**Hsu You Yuan**  
*Executive Director*

2013

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