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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)

PROFIT WARNING

This announcement is made by Solargiga Energy Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “Board”) of directors (the “Directors”) of the Company would like to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on a preliminary assessment on the unaudited management accounts of the Group’s interim results for the six months ended 30 June 2020 (the “Period”), it is expected that the Group will achieve a turnaround for the Period without taking into account the asset impairment losses incurred by the elimination of outdated production capacity of solar cells. However, the Group will still record a loss after the recognition of the abovementioned asset impairment loss, while the expected amount of loss of the Equity holders of the Company will be significantly decreased by not less than 65% and not more than 75% as compared to the same period of the previous year.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, such loss was mainly attributable to: (1) the Group originally focused on the vertical integrated production of photovoltaic products, which covers

various upstream products such as monocrystalline silicon ingots, monocrystalline silicon wafers, solar cells and modules. Nevertheless, as the production line for solar cells were outmoded with a lower production capacity that did not reach economy of scale and create production efficiency, the Group has shifted our focus to selling self-made wafers to a number of large-scale professional solar cells manufacturers and producing self-made modules using the solar cells repurchased from such manufacturers, and ultimately selling such modules to customers. The new focus allows the Group to fully utilize our established advantage in the production of monocrystalline silicon ingots, monocrystalline silicon wafers and modules. Since the Group does not expect to manufacture any solar cells in the short run, the net amount of existing outmoded production line for solar cells and related machinery equipment was accounted for as asset impairment loss. (2) The Group's new and highly efficient production capacity in related to monocrystalline silicon ingots and monocrystalline silicon wafers and modules has been substantially put into operation during the period. The operation revenue is expected to grow by not less than 38% and not more than 43% as compared to the same period of previous year, while the increase in gross profit margin is expected to not less than 100% and not more than 125%. However, the growth rate of gross profit margin is restricted by a lower than expected shipment volume for the period, which was attributable to the deferred customer demands during the period as a result of the outbreak of the novel coronavirus pneumonia, as well as the increased production cost due to the pandemic.

The information contained in this announcement is only based on the preliminary assessment by the Board on the management accounts, which have not been confirmed or reviewed by the Company's auditors. Actual financial results of the Group may be different from those disclosed in this announcement. The Board intends to disclose the details of the Group's interim results for the six months ended 30 June 2020 in late August 2020.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By Order of the Board
Solargiga Energy Holdings Limited
Wang Junze
Executive Director

Hong Kong, 13 August 2020

As at the date of this announcement, the executive Directors are Mr. Tan Wenhua (Chairman), Mr. Tan Xin and Mr. Wang Junze, the non-executive Director is Mr. Hsu You Yuan and the independent non-executive Directors are Ms. Fu Shuangye, Dr. Wong Wing Kuen, Albert and Ms. Feng Wenli.