Press Release

[For Immediate Release]

Solargiga Energy Holdings Limited
陽光能源控股有限公司

Solargiga announces 2017 annual results
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Returns to profitability with
Profit attributable to equity shareholders of RMB107 million and
Net asset value per share at RMB0.30 (approximately HKD0.37)

Financial Highlights

For the year ended 31 December	2017 (RMB'000)	2016 (RMB'000)	Variance
Revenue	3,999,616	3,020,976	32.4%
Gross profit	657,873	329,077	99.9%
Gross profit margin (%)	16.4%	10.9%	5.5pp
Net profit/(loss) for the year	123,757	(227,406)	n/a
Profit/(loss) attributable to equity shareholders of the Company	107,462	(239,149)	n/a
EBITDA	433,734	130,914	231.3%
Basic earnings/(loss) per share (RMB cents)	3.35	(7.45)	n/a

Hong Kong, PRC, Singapore and Taiwan, 21 March 2018 – China's leading vertically integrated enterprise engaged in solar energy monocrystalline photovoltaic products, **Solargiga Energy Holdings Limited** ("**Solargiga**" or the "Company", and its subsidiaries, the "Group"; HKSE Stock Code: 757, Taiwan Depositary Receipts: 9157TT) has announced its annual results for the year ended 31 December 2017 (the "Year").

Significant business growth resulting in excellent financial results

During the year, an increase in external shipment volume led to significant growth in revenue that amounted to RMB3,999.6 million, up 32% from RMB3,021.0 million in 2016, thus continuing to maintain the trend of rapid growth.

During the Year, gross profit increased by 99.9% to RMB657.9 million, while gross profit margin rose strongly to 16.4%. The main reasons behind such increases include: (1) the Group's ability to seize opportunities brought by the rapidly increasing market share of monocrystalline silicon photovoltaic products in the end-user market by employing its vertical integration strategy of monocrystalline silicon photovoltaic products; (2) the completion of the transformation process and technology enhancement pertaining to upstream monocrystalline silicon ingot and monocrystalline silicon wafer production equipment resulting in improved production efficiency; and (3) the significant increase in external shipment volume of monocrystalline photovoltaic modules. With the huge jump in capacity utilisation, the Group's bargaining power has improved significantly and the Group has been able to enjoy the full benefit of economies of scale. (4) Furthermore, procurement contracts for high-priced raw materials, polysilicon, have largely been completed in 2016. The Group's bargaining power has therefore improved and unit purchase price has been lowered. Consequently, compared with an operating loss of RMB74.3 million in 2016, an operating profit of RMB251.6 million has been recorded for 2017. The Group has also recorded profit for the year of RMB123.8 million, thus officially achieving a turnaround. Net asset value per share rose to HKD0.37.

During the Year, the Group improved its efficiencies through transforming manufacturing capacity and technology enhancements. In addition, the Group successfully expanded the client base for its downstream module business. Consequently, external shipment volume has risen from 1,543.6MW in 2016 to 2,427.8MW in 2017, representing an increase of 57%, within which subcontracted processing volume increased from 484.4MW in 2016 to 695.2MW in 2017, representing an increase of 43%.

The external shipment volume of monocrystalline silicon ingots was 315.5MW, representing an increase of 34% when compared with 234.8MW in 2016. And the external shipment volume of monocrystalline silicon wafers was 822.3MW, representing an increase of 62% when compared with 508.6MW in 2016. Demand for and sales of photovoltaic modules grew significantly, with external shipment reaching 1,252MW, up 62% from 769MW in 2016.

The increase in external shipment was mainly the result of the successful development of the client base as reflected by the significant growth in both the number of customers and in the quantity of their purchases. The Group's major clients include large Chinese state-owned enterprises and Japanese multinational composite enterprises, such as State Power Investment Corporation (中國國家電力投資集團公司), TW Solar Group (通威太陽能集團), Motech Industries, Inc., CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司), China Huadian Corporation (中國華電集團公司), Beijing Enterprises Group Company Limited (北京控股集團有限公司), SHARP Corporation and SANSHIN ELECTRONICS CO., LTD. etc.

Plans for capacity expansion

As mentioned in the announcement dated 25 September 2017, the Group will invest in a project located in Qujing City, Yunnan Province, China in two phases. Each phase will have a capacity of 600MW, with total capacity at 1.2GW. The first phase is expected to commence mass production by the end of the second quarter of 2018. Management believes that the manufacturing conditions satisfy the Group's requirements, including the availability of local raw material suppliers who can provide polysilicon required for the project, that will result in lower cost involved in raw material transportation. Also, water and electricity costs at the new plant are lower than at the Group's major production base, which will lower the manufacturing cost of silicon ingots and wafers. After careful assessment, management believes that Yunnan Qujing possesses the necessary attributes for manufacturing monocrystalline silicon ingots and wafers, and therefore selected it for expanding capacity. The Group expects the Qujing Project will become the new layout point of the Group, facilitating expansion of its customer base and further improvement in the Group's overall manufacturing costs. The benefit of lower overall cost of ingots and wafers will be enjoyed by its customers as the Group can provide customers with more competitively priced products, hence creating win-win situations.

As mentioned in the announcement dated 1 March 2018, the Group will also expand annual photovoltaic module production capacity by 1GW, and expects mass production to commence by the end of the second quarter of 2018. Subsequent to such expansion, i.e. the second half of 2018 onwards, the Group's monocrystalline silicon ingot and monocrystalline silicon wafer production capacity will reach 1.8GW while module production capacity will reach 2.2GW. Solar cell production capacity will however remain at 400MW. In maintaining its leading technological advantage in monocrystalline products, and adhering to the vertical integration strategy, the Group will benefit from advantages at both the upper and lower stream of monocrystalline silicon products production.

Vertical integration of upstream and downstream monocrystalline products mitigates market risks

Mr. Tan Wenhua, Chairman of Solargiga said, "Growing awareness of the benefits of high-conversion efficiency monocrystalline photovoltaic modules has led to stronger demand for modules and rapid market growth. As the Group specialises in monocrystalline photovoltaic products, and has its own in-house support for high-quality self-manufactured upstream monocrystalline silicon ingots and monocrystalline silicon wafers, demand for the Group's monocrystalline modules has increased annually. Correspondingly, the proportion of sales derived from the Group's monocrystalline modules has increased each year. This goes to show that the Group's adherence to its strategy of vertical integration of monocrystalline products was truly visionary.

"The Group will adhere to its strategy of vertical integration of upstream and downstream monocrystalline products. By satisfying external demand for its downstream monocrystalline modules, and boosting internal demand for its upstream monocrystalline silicon ingots/wafers, the Group will improve the overall gross profit margin of its self-manufactured monocrystalline module products and thereby strengthen its profitability.

"With regard to our capacity allocation strategy, we will direct investments towards manufacturing upstream monocrystalline silicon ingots/wafers and downstream modules, and plan to increase downstream module capacity slightly above upstream monocrystalline silicon ingot/wafer capacity. We will, however, maintain or only modestly increase the manufacturing capacity of solar cells. Through this capacity allocation strategy, the Group will be able to satisfy external demand for its downstream end-user modules, of which the Group has its largest manufacturing capacity, while boosting internal demand for its upstream self-manufactured silicon ingots/wafers. Furthermore, through the strategy of partly self-manufacturing and partly procuring externally mid-stream solar cells under the aforementioned strategy to drive the Group's overall capacity utilisation from bottom up, we will be able to better mitigate risks arising from fluctuations in sales of upstream silicon wafers or unstable supply of mid-stream solar cells. A perfect illustration of our strategy at work is the recent decline in wafer prices. By satisfying orders from downstream module customers with the Group's self-manufactured silicon wafers, we did not have to follow the market trend of slashing wafer prices. We consequently were able to effectively mitigate risks arising from market fluctuantuation, and protect the interests of all manufacturing segments of the Group."

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About Solargiga Energy Holdings Limited (HKSE Stock Code: 757, Taiwan Depositary Receipts: 9157TT)

Solargiga Energy Holdings Limited is one of the leading manufacturers of solar energy monocrystalline photovoltaic products in the PRC. Through advantages in vertical integration, the Group focuses on manufacturing and selling monocrystalline solar energy silicon wafers and photovoltaic modules, and designing and installing photovoltaic systems. The Group sells the majority of its products to the China and Japan markets, the latter has strict quality requirements. The Group sells products directly to end-user customers. It drives demand for its upstream products by boosting its downstream business, and has coverage of the entire photovoltaic industry chain.

Issued by **Solargiga Energy Holdings Limited**

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