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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO NEW INVESTMENT PROJECT WITH AN ANNUAL CAPACITY OF 1GW PHOTOVOLTAIC MODULES

This is a voluntary announcement made by Solargiga Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Jinzhou Chuanghui New Energy Co., Ltd. * (“**Chuanghui New Energy**”, formerly known as Jinzhou Aoke New Energy Co., Ltd.*), a wholly-owned subsidiary of the Company, will invest in a project with an annual capacity of 1GW photovoltaic modules, on its existing facilities. Project investment amounts to RMB160 million. It is expected to commence mass production late in the second quarter of 2018.

Reference is made to the announcement of the Company dated 31 March 2017, notice of annual general meeting dated 5 May 2017 and the result of the annual general meeting on 28 June 2017 in relation to the purchase of 63% equity interest in Jinzhou Chuanghui New Energy Co., Ltd. * (“**Chuanghui New Energy**”, formerly known as Jinzhou Aoke New Energy Co., Ltd.*) and the passing of the resolution thereof. After the acquisition, Chuanghui New Energy became an indirect wholly-owned subsidiary of the Company. The original business of Chuanghui New Energy was the manufacturing of multicrystalline wafers. It had not reached the economic scale, which resulted in losses in the past few years. After the acquisition by the Group, it is planned that Chuanghui New Energy will no longer invest in the multicrystalline wafers production, but the plant and production facilities will be changed for the manufacturing of photovoltaic modules. Besides, due to the significant amount of the deductible input value-added tax (“**VAT**”) retained and the unused tax losses of Chuanghui New Energy, it is expected this change will strengthen the cash inflow and profitability of Chuanghui New Energy in the future.

In addition to this announcement related to the expansion capacity of photovoltaic modules, together with the expanding production capacity of upstream ingots and wafers of the Group (please see the announcement of the Company released on 25 September 2017), from the second half of 2018, the Group’s monocrystalline silicon ingot and wafers will reach a capacity of 1.8 GW, solar cells with capacity of 400 MW and photovoltaic modules with capacity of 2.2

GW. Accordingly, not only were the upstream self-manufactured monocrystalline silicon ingots and wafers used for the production of solar cells in the Group, monocrystalline silicon wafers could also be sold to external specialised solar cell manufacturers. The Group will then purchase the solar cells from those specialised solar cell manufacturers for downstream module production. Therefore, the upstream and downstream vertically integrated strategy upheld by the Group is realised as the upstream monocrystalline silicon ingots, wafers and downstream modules are manufactured by the Group itself, while the solar cell production includes internal self-made and external procurement. Through this strategy, the Group could keep abreast of the latest market trend of solar cell production by the internal self-made solar cell production. Also, by the strategy of the sales of monocrystalline silicon wafers to external manufacturers and purchase of solar cells from those manufacturers, it would affirm the strategic partnership with those specialised solar cell manufacturers. This would ensure the sales channel for the upstream monocrystalline silicon wafers of the Group, and the downstream solar cell for the manufacturing of solar modules would have a stable supply as well.

In future, the Company will continue to invest significantly in the upstream monocrystalline silicon ingot and wafer production and downstream photovoltaic modules, while retaining the existing scale or slightly increasing the solar cell manufacturing capacity. Consequently, by satisfying the needs of downstream end-users directly, it would boost the production volume of upstream silicon wafers. The strategy of self-made and partially outsourcing of solar cells would also mitigate the risk of market fluctuations.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Solargiga Energy Holdings Limited
Wang Junze (formerly known as Wang Chunwei)
Executive Director

Hong Kong, 1 March 2018

As at the date of this announcement, the executive Directors are Mr. Tan Wenhua (Chairman), Mr. Tan Xin and Mr. Wang Junze (formerly known as Wang Chunwei), 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 Mr. Zhang Chun.