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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the annual report of Solargiga Energy Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 published on 28 April 2025 (the "**Annual Report**"). Unless otherwise defined, capitalized terms used herein shall have the same meaning as those set out in the Annual Report.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to provide additional information in relation to an impairment provision of the Group's property, plant and equipment as disclosed under section (ii) of Note 14 to the audited consolidated financial statements on page 159 of the Annual Report –"Due to the change of production plan and other factors, certain asset groups of the Group were in the status of operating losses or temporary idleness. The Group considered that there were indicators of impairment in these asset groups and assessed for impairment. Management performed impairment assessment by determining the recoverable amount of the relevant cash-generating unit based on the value-in-use calculation or the fair value less cost of disposal according to independent appraisal reports. As a result, an impairment provision of RMB107,932,000 was recognised for property, plant and equipment during the year ended 31 December 2024 (2023: Nil)."

THE DETAILS OF SPECIFIC CHANGES OF PRODUCTION PLAN AND OTHER FACTORS THAT LED TO OPERATING LOSSES OR TEMPORARY IDLENESS

The operating losses and temporary idleness of the Group's photovoltaic modules facilities for the outdated module production line (the "**Subject Assets**") were primarily caused by a significant and rapid shift in market conditions and technology within the photovoltaic industry during 2024.

The specific factors are as follows:

- **Technological Obsolescence:** The Subject Assets are production lines designed for older and outdated solar modules. Throughout 2024, the industry saw an accelerated shift in market preference towards higher-efficiency and larger-sized N-type modules. The Subject Assets are technologically obsolete as they cannot be upgraded to produce these now-mainstream N-type modules due to fundamental differences in manufacturing processes and equipment specifications.

- **Decline in Market Demand:** As a result of the market shift to N-type modules, there has been a sharp and significant decline in market demand and selling prices for the smaller outdated modules that the Subject Assets are capable of producing. This has rendered the continued operations of these production lines economically unviable.

- **Change in Production Plan:** In response to these market changes, the Group has revised its production plan to focus resources on its N-type module production facilities. Consequently, production on the outdated lines was halted, leading to the temporary idleness, which triggered the impairment assessment.

As such, the Group considered that there were indicators of impairment in the Subject Assets. Impairment assessment on the Subject Assets was performed based on the valuations conducted by an independent valuer and the Company's internal valuation.

THE IDENTITY AND QUALIFICATION OF THE INDEPENDENT VALUER(S)

The valuations of the Group's photovoltaic modules facilities was conducted by Jinzhou Jiaxin Asset Appraisal Office (Limited Partnership)* (錦州嘉信資產評估事務所(普通合夥)) (the "**Valuer**"). The Valuer is a qualified valuer in the People's Republic of China ("**PRC**").

The valuation reports were prepared and signed by certified public valuers, Zhang Suqing (張素清), Shi Yanfang (史豔芳), and Zhao Sufeng (趙素風), who are members of the China Appraisal Society (中國資產評估協會). The Valuer confirmed that it is independent of the Company and its connected persons and has no present or prospective interest in the Group or the assets valued.

THE VALUE OF INPUTS USED IN THE VALUATION(S) TOGETHER WITH THE BASES AND ASSUMPTIONS ADOPTED

Management performed impairment assessment by determining the recoverable amount of the relevant cash-generating unit based on the higher of the value-in-use calculation or the fair value less costs of disposal. The recoverable amount of the Subject Assets was determined based on their fair value less costs of disposal. The fair value was assessed using the **Market Approach**.

The key inputs, bases, and assumptions adopted for the valuations were as follows:

- **Key Inputs:** The primary inputs were the quoted prices and recent transaction prices of identical or similar second-hand photovoltaic production equipment in the PRC, obtained from second-hand equipment dealers.

- **Bases and Assumptions:**

  - The valuations were based on the assets' existing condition and status as at the valuation date of 31 December 2024.

  - It was assumed that the assets would be disposed of in the open market, and the Valuer sought and referenced price quotations from several independent market participants.

  - Adjustments with the premium rate typically ranging from 30% to 34% were made to the quoted prices to account for differences between the reference assets and the Subject Assets, including factors such as age, technical specifications, operational condition, and location. As a result, the recoverable amount of the Subject Assets typically ranged between 0.5% and 20% of the original cost.

THE UNDERLYING REASON(S) FOR ANY SIGNIFICANT CHANGES IN THE VALUE OF THE INPUTS AND ASSUMPTIONS FROM THOSE PREVIOUSLY ADOPTED FOR THE VALUATIONS OF PHOTOVOLTAIC MODULES FACILITIES

The key change in assumptions from previous periods can be summarised as follows:

In prior years, the Subject Assets were part of active cash-generating units, and their valuations were based on a value-in-use calculation, which assumed continued operations and generation of future economic benefits.

For the year ended 31 December 2024, as the Subject Assets became outdated and resulted in temporary idleness due to the market conditions and technology within the photovoltaic industry as disclosed above in this announcement, the Company identified impairment indicators for the Subject Assets and conducted an impairment assessment. As the recoverable amount is determined based on the higher of the value-in-use calculation or the fair value less costs of disposal, for the year ended 31 December 2024, the impairment assessment on the Subject Assets was performed using the fair value less costs of disposal basis.

THE REASONS FOR ADOPTING THE MARKET APPROACH

The **Market Approach** was adopted for the valuations because:

1. The Subject Assets no longer constitute part of cash-generating units and are not expected to generate any future cash inflows from operations.

2. The primary economic benefit that can be derived from the assets is their sale or scrap value.

3. The Market Approach, by referencing observable transaction prices for similar assets, provides the most direct and reliable estimate of the assets' fair value less costs of disposal in their current state.

There have been no subsequent changes in the valuation method used following the assessment as at 31 December 2024.

The above additional information should be read in conjunction with the Annual Report and does not affect other information contained in the Annual Report. Save as disclosed above, all other information contained in the Annual Report remains unchanged.

By order of the Board
Solargiga Energy Holdings Limited
Tan Xin
Chairman

Hong Kong, 22 August 2025

As at the date of this announcement, the executive Directors are Mr. Tan Xin (Chairman) and Mr. Wang Junze, and the independent non-executive Directors are Dr. Wong Wing Kuen, Albert, Ms. Chung Wai Hang and Ms. Tan Ying.

* *For identification purpose only*