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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 wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that based on a preliminary assessment on the unaudited management accounts of the Group for the year ended 31 December 2020 (the “**Management Accounts**”), notwithstanding that the external shipment volume of the Group increased from 4,134MW for the year ended 31 December 2019 to 6,811MW in 2020 and the revenue generated from it increased from approximately RMB4,426 million to RMB6,052 million for the year ended 31 December 2020 (the “**Reporting Year**”) representing an increase of approximately 65% and 37% respectively, the Group is expected to record a loss attributable to equity holders of the Company of approximately RMB215 million for the Reporting Year, which was significantly reduced by approximately 40% as compared with last year. The failure to turn loss to profit was mainly due to the following reasons that could not be reasonably foreseen.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries based on the information currently available, the expected loss that could not be reasonably foreseen for the Reporting Year is mainly attributable to the combined effect of, among others, (1) temporary suspension of operations caused by floods and explosion accidents of some of the suppliers of polysilicon during the Reporting Year resulted in a supply shortage and surging price of polysilicon. In addition, the procurement costs of auxiliary materials unexpectedly increased significantly during the Reporting Year as the supply of a number of major auxiliary materials being affected by the outbreak of the COVID-19. The increase in the price of materials had led to the growth of gross profit margin being compressed; (2) Due to the aging of the existing production line without economies of scale, in order to concentrate the resources on the development of niche products such as monocrystalline silicon ingots/wafers and modules, the Group adjusted its operating strategy during the Reporting Year by suspending the in-house manufacturing of solar cells. The suspension resulted in the net amount of such aging production line and the related machinery and equipment being recognised as a one-off asset impairment loss during the Reporting Year; and (3) unexpected increase in selling expenses (such as shipment costs) as a result of the outbreak of COVID-19.

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 or the audit committee of the Company. Actual financial results of the Group may be different from what is disclosed in this announcement.

Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the annual results of the Group for the year ended 31 December 2020 which is expected to be published on 31 March 2021.

Shareholders and potential investors are advised to 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, 17 March 2021

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.