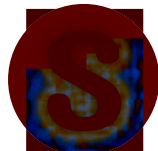


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Solargiga Energy

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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

FINANCIAL SUMMARY

- Turnover was RMB658.7 million, down by 55.9% as compared to RMB1,492.9 million in 2008.
- Gross loss was RMB5.8 million.
- Write-down of inventories amounted to RMB172.6 million for the year ended 31 December 2009. The amount represented the write-down of inventories for the first half of 2009. No further write-down of inventories was made for the second half of 2009.
- Net loss attributable to the equity shareholders of the Company amounted to RMB98.1 million.
- Basic loss per share was RMB5.75 cents.
- The board of Directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2009.

ANNUAL RESULTS

The directors (the “Directors”) of Solargiga Energy Holdings Limited (the “Company”) present herewith the results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2009 and the comparative figures which have been prepared on the basis described below.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

		2009	2008
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	4	658,720	1,492,935
Cost of sales		<u>(664,500)</u>	<u>(1,267,425)</u>
Gross (loss)/profit		(5,780)	225,510
Other revenue	5	14,898	11,107
Other net income/(loss)	6	2,890	(7,602)
Selling and distribution expenses		(5,311)	(6,843)
Administrative expenses		<u>(105,521)</u>	<u>(101,512)</u>
(Loss)/profit from operations		(98,824)	120,660
Finance costs	7(a)	<u>(15,942)</u>	<u>(3,290)</u>
(Loss)/profit before taxation	7	(114,766)	117,370
Income tax benefit/(expenses)	8	<u>16,624</u>	<u>(33,991)</u>
(Loss)/profit for the year		<u>(98,142)</u>	<u>83,379</u>
Attributable to:			
Equity shareholders of the Company		(98,098)	83,379
Minority interests		<u>(44)</u>	<u>—</u>
(Loss)/profit for the year		<u>(98,142)</u>	<u>83,379</u>
(Loss)/earnings per share (<i>RMB cents</i>)			
– Basic and diluted	10	<u>(5.75)</u>	<u>5.12</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
(Loss)/profit for the year	<u>(98,142)</u>	<u>83,379</u>
Other comprehensive loss for the year:		
Exchange differences on translation of financial statements of foreign operations	<u>(7,906)</u>	<u>(2,212)</u>
Total comprehensive (loss)/income for the year	<u>(106,048)</u>	<u>81,167</u>
Attributable to:		
Equity shareholders of the Company	(106,004)	81,167
Minority interests	<u>(44)</u>	<u>—</u>
Total comprehensive (loss)/income for the year	<u>(106,048)</u>	<u>81,167</u>

CONSOLIDATED BALANCE SHEET

A 31 December 2009

		2009	2008
	<i>No e</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		536,849	394,665
Prepayments for acquisition of property, plant and equipment		63,264	114,987
Lease prepayments		63,948	47,508
Prepayments for raw materials		214,068	170,809
Deferred tax assets		42,925	31,581
		<u>921,054</u>	<u>759,550</u>
Current assets			
Inventories		441,288	395,533
Trade and other receivables	11	405,361	322,976
Tax recoverable		–	1,878
Pledged deposits		44,055	25,071
Cash at bank and in hand		236,191	270,402
		<u>1,126,895</u>	<u>1,015,860</u>
Current liabilities			
Trade and other payables	12	206,170	252,433
Short-term bank loans		289,274	214,580
Current tax payable		28	4,315
		<u>495,472</u>	<u>471,328</u>
Net current assets		<u>631,423</u>	<u>544,532</u>
Total assets less current liabilities		<u>1,552,477</u>	<u>1,304,082</u>
Non-current liabilities			
Municipal government loan		3,227	3,003
Long-term bank loan		70,000	–
Deferred tax liabilities		4,669	7,232
Deferred income		67,301	30,333
		<u>145,197</u>	<u>40,568</u>
Net assets		<u>1,407,280</u>	<u>1,263,514</u>
Capital and reserves			
Share capital		162,458	152,189
Reserves		1,225,261	1,111,325
Total equity attributable to equity shareholders of the Company		<u>1,387,719</u>	<u>1,263,514</u>
Minority interests		<u>19,561</u>	<u>–</u>
Total equity		<u>1,407,280</u>	<u>1,263,514</u>

NOTES TO FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2009 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA28 Tc 0v0tooi Kopr1(iplecountangener1(ycial)

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of a customer is based on the location at which goods have been delivered.

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Domestic sales – Mainland China	<u>515,387</u>	<u>1,116,500</u>
Export sales		
– North America	73,785	11,996
– Japan	39,247	147,609
– Taiwan	21,585	192,170
– Germany	5,316	17,226
– Norway	1,380	4,042
– Korea	781	3,351
– Other countries	<u>1,239</u>	<u>41</u>
Sub-total	<u>143,333</u>	<u>376,435</u>
Total	<u>658,720</u>	<u>1,492,935</u>

4. TURNOVER

The principal activities of the Group are the manufacturing of, trading of and provision of processing services for polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers and the producing of and trading of photovoltaic modules as well as the installation of photovoltaic systems.

Turnover represents the sales value of goods supplied to customers less value added tax and trade discounts and income from the provision of processing services and the installation of photovoltaic systems. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Sales of polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers/modules	623,085	1,379,674
Processing service fees	34,849	113,261
Photovoltaic system installation service fees	<u>786</u>	<u>–</u>
	<u>658,720</u>	<u>1,492,935</u>

5. OTHER REVENUE

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Government grants	10,023	1,265
Interest income from bank deposits	1,953	3,982
Rental income from operating leases	1,932	1,296
Income from sale of scrap materials	566	3,463
Insurance claims received	289	681
Others	<u>135</u>	<u>420</u>
	<u>14,898</u>	<u>11,107</u>

6. OTHER NET INCOME/(LOSS)

	2009 RMB'000	2008 RMB'000
Net foreign exchange gain/(loss)	3,791	(7,598)
Loss on disposal of property, plant and equipment	<u>(901)</u>	<u>(4)</u>
	<u>2,890</u>	<u>(7,602)</u>

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2009 RMB'000	2008 RMB'000
(a) Finance costs		
Interest on bank loans wholly repayable within five years	17,028	6,093
Interest on municipal government loan	<u>224</u>	<u>215</u>
Total interest expense on financial liabilities not at fair value through profit or loss	17,252	6,308
Less: interest expenses capitalised into construction in progress*	<u>(1,310)</u>	<u>(3,018)</u>
	<u>15,942</u>	<u>3,290</u>
(b) Staff costs		
Contributions to retirement schemes	4,997	4,788
Equity-settled share-based payment expenses	25,046	24,428
Salaries, wages and other benefits	<u>36,274</u>	<u>40,695</u>
	<u>66,317</u>	<u>69,911</u>
(c) Other items		
Amortisation of lease prepayments	1,063	978
Auditor's remuneration	1,498	2,250
Depreciation	31,675	20,724
Operating lease charges – property	2,065	1,493
	<u>1,498</u>	<u>93</u>

8. INCOME TAX

(a) Income tax in the consolidated income statement represents:

2009	2008
RMB'000	RMB'000
	Ex 034.

In view of the different CIT rates applicable to the Merging Companies, on 13 May 2008, Yangguang obtained the written acceptance from the Taihe District State Tax Bureau on the post-merger CIT treatment, that Yangguang should adopt an effective CIT rate after the merger of 13.77% for 2008 according to the principles stated in Guo Shui Fa [1997] No. 71 (“Notice 71”). Based on Notice 71, the percentage of cost and expenses method of the Merging Companies incurred during the financial year preceding the merger was applied to apportion each company’s share of the post-merger taxable income of Yangguang. The apportioned post-merger taxable incomes are then taxed at the respective CIT rates of the Merging Companies.

In 2009, Yangguang was granted the status of a “High and New Technology Enterprise” that entitled it to a preferential CIT rate of 15% for the year ended 31 December 2009.

Based on the above mentioned written acceptance from Taihe District State Tax Bureau and the New CIT Law, the PRC subsidiaries of the Group were subject to the following PRC CIT rates for the years ended 31 December 2008 and 2009, respectively:

	2009	2008
Shanghai Jingji Electronic Materials Co., Ltd.	25%	25%
Jinzhou Rixin Silicon Materials Co., Ltd.	25%	25%
Jinzhou Youhua Silicon Materials Co., Ltd.	25%	25%
Yangguang	15%	13.77%
Jinzhou Jinmao Photovoltaic Technology Company Limited	25%	N/A

9. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2009 RMB’000	2008 RMB’000
No final dividend proposed for the year ended 31 December 2009 (2008: RMB1.5 cents (HK1.7 cents) per share)	<u>–</u>	<u>25,361</u>

The Directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: RMB1.5 cents (HK1.7 cents) per share).

The final dividend proposed was not recognised as a liability on the balance sheet at 31 December 2008.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2009 RMB’000	2008 RMB’000
Final dividend in respect of the previous financial year, approved and paid during the year		
– cash dividend	10,584	88,258
– scrip dividend	<u>14,777</u>	<u>–</u>
	<u>25,361</u>	<u>88,258</u>

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to the ordinary equity shareholders of the Company of RMB98,098,000 (2008: profit of RMB83,379,000) and the weighted average of 1,705,687,406 (2008: 1,627,540,199) ordinary shares of the Company in issue during the year as calculated as set out in note 10(b). The weighted average number of shares for the prior years has been adjusted for the capitalisation issue as if the capitalisation issue had been in existence throughout 2008.

(b) Weighted average number of ordinary shares

	Number of ordinary shares	
	2009	2008
Issued ordinary shares at 1 January	1,690,766,500	2,874,333
Effect of capitalisation issue	–	1,434,292,167
Effect of shares issued under the global offering	–	190,373,699
Effect of new shares issued and allotted to shareholders who opted to take scrip as an alternative to cash in respect of the 2008 final dividends	2,447,276	–
Effect of shares issued under the Taiwan Depositary Receipt programme	5,753,425	–
Effect of shares issued under the share option scheme	6,720,205	–
	<u>1,705,687,406</u>	<u>1,627,540,199</u>
Weighted average number of ordinary shares	<u>1,705,687,406</u>	<u>1,627,540,199</u>

(c) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2008 and 2009.

11. TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	RMB'000
Trade debtors and bills receivable (note 11(a))	165,501	111,003
Prepayments for raw materials	93,540	133,891
Deposits and other receivables	146,320	78,082
	<u>405,361</u>	<u>322,976</u>

- (a) The ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts) based on invoice date is as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Within 1 month	86,336	54,872
1 – 3 months		

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The solar energy industry has been rapidly developing in recent years. One of the reasons for its rapid development is the increasing global demand for energy during the course of global economic development. While the traditional energy supply is becoming increasingly scarce, solar energy, being one of the major sources of renewable energy in the future, stands out with tremendous market potential. Environmental protection has become a popular topic in recent years worldwide. In December 2009, the world focused on the United Nations Climate Change Conference held in Copenhagen, the capital of Denmark, where for 13 days, meetings were attended by 193 country representatives to negotiate agreement on the global reduction of carbon emissions for 2012 to 2017.

The United Nations Climate Change Conference, culminated in the Copenhagen Accord which stated the increase in global temperatures should be capped by 2 degrees Celsius, and also specified that developed countries shall provide funding of US\$30 billion to developing countries in the next three years for the mitigation of global warming with the amount to be extended to US\$100 billion a year by 2020.

In the meantime, various nations have set down their own emission reduction targets. The US White House announced on 30 January 2010 an increase in the US government's targeted reduction of greenhouse gas emissions. The new target aims at a reduction of 28% in greenhouse gas emissions by the United States from the 2005 level by 2020, compared to its previous commitment of a 17% reduction under the same conditions. On the other hand, Japan has guaranteed a one-fourth reduction of emissions from that of 1990 by 2020. The European Union plans to achieve emissions reductions by enhancing energy utilisation rate, with one-fifth of its energy supply being renewable energy.

In recent years, the Central Government of the PRC has rolled out various policies strongly supporting the development of the solar energy industry. In April 2007, the National Development and Reform Commission announced the "Eleventh Five Year Plan on Energy Development", emphasising that during the Eleventh Five Year Plan period, focus will be placed on the development of renewable energy containing significant development potential and generally well-developed technologies, such as solar energy and wind energy.

With a series of government subsidies introduced during the year, 2009 was a period of rapid development for the solar energy industry in the PRC. In March, the Ministry of Finance and the Ministry of Housing and Urban-Rural Development of the PRC jointly announced the "Opinions on Accelerating the Construction of Solar Photovoltaic Applications (關於加快推進太陽能光電建築應用實施意見)". The plan gives clear support to the pilot projects of photovoltaic building applications. It also provided subsidies of RMB20 per watt for qualified photovoltaic building application pilot projects with an installed capacity of no less than 50KW.

as high as 70% are provided to off-grid photovoltaic projects in regions with no grid power. In September, the “Development plan for emerging energy industries (新興能源產業發展規劃)”, stipulates a target of 20GW solar energy generation by 2020.

Despite various industries being hit by the financial turmoil over the past two years and having been strained by the substantial drop in inventory prices, the solar energy industry has also benefited from the industry consolidation brought about by the drop in inventory prices, which has also increased the speed whereby the cost of generating power via solar energy and that of traditional fossil fuels can reach grid parity at a rate faster than expected. Coupled with an economic recovery since the second half of 2009, demand for solar photovoltaic products has gradually stabilised, leading to a faster and healthier development of the solar energy industry.

Operation Review

Improvement in operating environment brought by economic recovery

During the first half of 2009, the solar energy industry was affected by the financial crisis. Industry development was slowed down due to falling market demand and some manufacturers of solar energy products experiencing capital shortage and a substantial fall in the price of polysilicon, the raw material, as market demand decreased. Nevertheless, the economy began to rebound in the second half of 2009. With demand for solar energy gradually picking up, leading to the healthier and faster growth of the solar energy industry, the operating performance of the Group also recorded significant improvement.

Since the third quarter of 2009, the average selling price for solar photovoltaic products of the Company gradually began to stabilise, with costs of inventory also returning to a steady level, contributing to an overall much healthier operation for the fourth quarter over the third quarter. In respect of the operations of its factories, the capacity utilisation rate of the Company has significantly increased with a substantial improvement in overall production output.

Expanding downstream business of solar energy

In 2009, the Group began to diversify its business and explore the downstream business and took its first step towards vertical integration to the downstream business of photovoltaic modules and the terminal systems application market.

In the beginning of 2009, the PRC government announced that subsidies would be provided to the products of Building Integrated Photovoltaic (“BIPV”). In line with the memorandum of understanding entered into between Jinzhou Municipal Government and the Group in relation to the development of the 10MW “China Solar Roof Plan” in Jinzhou, Liaoning Province, the Group announced on 27 April 2009 that it had committed to set up Jinzhou Jinmao Photovoltaic Technology Company Limited (“Jinzhou Jinmao”) in Jinzhou, Liaoning Province with two independent third parties, including Kinmac Holdings Limited, which is wholly-owned by Kinmac Solar Corporation.

Jinzhou Jinmao is primarily engaged in the production and sales of photovoltaic modules as well as the design and installation of photovoltaic systems. The registered capital of Jinzhou Jinmao is RMB40,000,000, of which RMB20,400,000 has been contributed in cash from the internal resources of the Group. Jinzhou Jinmao was formally established on 17 July 2009 and the Group currently owns a 51% interest in Jinzhou Jinmao.

With a current designed annual capacity for modules of 50MW. Jinzhou Jinmao is committed to the research and development, production and sales of photovoltaic modules and application technologies with high performance values. The products currently provided by Jinzhou Jinmao include: standard photovoltaic components, integrated power systems and customised photovoltaic components (including building photovoltaic systems), which are sold not only domestically.

As the Group's first step to expand its business chain, the group undertook a foundational 300kW photovoltaic demonstration project in Binhai New District, Jinzhou. The project integrated various kinds of photovoltaic modules in one, including terrestrial photovoltaic power generation systems, BIPV systems, solar roof systems and solar road lighting. The aggregate investment of the project was approximately RMB11 million and has commenced power generation successfully before the end of 2009.

Exploring new financing pla forms

On 11 December 2009, the Group successfully issued Taiwan Depositary Receipts ("TDR") on the Taiwan Stock Exchange Corporation (the "TDR Issue"), in order to broaden and diversify the existing shareholder base of the Company as well as to provide an additional fund-raising platform for future business development. The Group issued 100,000,000 units of TDR at a unit issue price of NT\$9.45 (equivalent to approximately RMB2.01) in Taiwan to raise a gross amount of approximately NT\$945,000,000 (RMB201,000,000). The net proceeds from the TDR issue has been used to purchase machinery and equipment so as to expand the production capacity of the Group. Taiwan Polaris Securities Corporation Limited was the principal underwriter of the TDR Issue.

Enhancing capaci y wi h addi tional facili ies and boardering produc por folio

In respect of enhancing the Group's production capacity, during the year under review, the Group purchased four new multicrystalline casting furnaces, which all commenced commercial production in the fourth quarter of 2009, further diversifying the Group's product mix.

As at 31 December 2009, the Group was equipped with 197 monocrystalline ingot pullers, 40 wiresaws and four multicrystalline casting furnaces, with an aggregate annual capacity of 2,000 tonnes of monocrystalline silicon solar ingots, 200 tonnes of multicrystalline silicon solar ingots and approximately 75,000,000 pieces of solar wafers.

In addition, the Group operates polysilicon reclaiming and upgrading facilities in Shanghai and Jinzhou. These reclaiming facilities enable the Company to gain production cost advantages on solar products. As at 31 December 2009, the polysilicon reclaiming and upgrading facilities had an aggregate annual designed throughput of 4,200 tonnes. In early

2009, the Group calculated the reference value of the annual solar energy conversion capacity of its existing facilities to be 200MW. However, following technological advancements in various production processes, as well as a tremendous enhancement in production efficiency and capacity, the reference value of solar energy conversion capacity was revised to 350MW at the end of 2009, far surpassing the target set by the Group.

For the purpose of expanding production capacity of monocrystalline silicon solar ingots, the Group has also since last year started to expand its product ranges with various features and functions. In an effort to meet customers' demands it developed wafers which can be used in the production of higher conversion efficiency solar cells. Capitalising on its advanced technological know-how, the Group will further explore its multicrystalline silicon solar ingots and wafers manufacturing business with an aim of becoming one of the major manufacturers of multicrystalline silicon solar ingots and wafers worldwide.

Enhancing R&D to strengthen production efficiency

In addition, the Group highly values its cooperation with international enterprises for research and development on solar technology, and continues to increase its investment in research and development, to work closely with strategic business partners in different countries and regions for technology exchange and close cooperation. The R&D centre jointly set up by the Group and Dalian University of Technology was completed in the third quarter of 2009. It is equipped with internationally-leading technologies to help nurture research and development technicians and to develop new products and technologies.

The Company is fully-equipped with comprehensive pilot production equipment and testing devices and has continuously improved its R&D efforts. It has joined hands with Dalian University of Technology and Liaoning Institute of Technology respectively to commence collaboration on production, study and research, working together on the research and development of technologies and products related to solar cells. Through market research and feedback from the marketing department, more effort will be placed on developing new products required by the market, while the technology department will determine research targets and formulate written missions.

Exploring customers

The Group's products are now primarily sold to more than a dozen countries and regions, including the Mainland China, North America, Japan, Germany, Taiwan and Hong Kong, with a technological level reaching advanced international standards. During the year under review, the Group established a marketing centre in Shanghai and also appointed sales representatives stationed at overseas locations such as Japan and the United States, aimed at exploring the overseas market.

Future prospects and strategies

In light of the non-renewable characteristic of traditional energy, various nations are all accelerating their pace of new energy development, amongst which the development of the solar energy industry has no doubt become a global trend. Therefore, the Group believes the prospects of the solar energy industry to be promising.

Various countries and organisations in the world are proactively promoting the development of the solar energy industry, among which, the European Union plans to significantly reduce the emission of greenhouse gases by 2020 and to increase the proportion of renewable energy.

Enhancing the R&D investments to strengthen its competitiveness

The Group's ability to command a leading position in the industry of manufacturing monocrystalline silicon solar ingots is attributable to its high research and development capability which is one of the keys to the Group's success. Accordingly, the Group will put more effort in this aspect to continue to optimise its ability to improve ingot crystallisation, wafer slicing and reclaiming and upgrading of polysilicon. The Group will also enhance production efficiency and reduce operating costs through an exchange of technologies and the introduction of the latest technologies.

The Group will continue to upgrade its production technologies and is expected to introduce monocrystalline ingot pullers model no. 970 in early June 2010 to produce monocrystalline silicon solar ingots of 8 inches and 8.7 inches as well as small angled and right-angled monocrystalline silicon solar wafers of 156mm x 156mm. This type of silicon wafer will have a larger surface area, therefore increasing the wattage output after they are processed into solar cells. The conversion efficiency will also be higher than 125mm x 125mm monocrystalline silicon solar wafers. Following further optimisation of the Group's slicing technology, the Group will be able to produce monocrystalline silicon solar wafers of 150µm to 180µm of thickness. In the meantime, the Group will also fulfil specific customer requirements by developing wafers which can be used for the production of solar cells with higher conversion efficiency, which in turn can be used for the production of modules of higher wattage output.

The Group will continue to enhance production efficiency through technology innovations, and will strive to improve on product quality so as to satisfy the needs of the market, as well as continue to vertically-integrate its production, and to leverage on its exclusive state-of-the-art production technology to upgrade its products. The Group will continue to via its vertically integrated business model to further promote production efficiency and reduce operating costs.

Increasing overseas business sales

The Group's products are now primarily sold to more than a dozen countries and regions, including the PRC, Japan, Germany, North America, Taiwan and Hong Kong, with a technological level reaching advanced international standards. During the year under review, the Group established a marketing centre in Shanghai and also appointed sales representatives stationed at overseas locations such as Japan and the United States, aimed at exploring the overseas market. The Group plans to increase the proportion of its overseas businesses, and hopes to gradually increase the proportion of turnover from overseas businesses to account for 50% of the total turnover of the Group.

Developing downstream business to create synergies

In April 2009, the Group established Jinzhou Jinmao which is engaged in the production and sales of photovoltaic modules and fully demonstrates our determination to develop downstream businesses. The Group will further develop the downstream business in the future by quickly exploring the downstream business market of photovoltaic industries in the PRC and abroad, and provide our customers with quality module products with higher stability and efficiency.

The 300KW photovoltaic power station undertaken by the Group has been successfully connected to the power grid during the year, signifying a major step in the Group's efforts in expanding into the downstream business, as well as setting down a solid foundation for its downstream business development. The Group will strive to capture opportunities and focus on the development of the downstream business. The Group's target for 2025 is to achieve a total installed capacity of 100MW.

pursuant to the underwriting agreement was completed on 10 December 2009 and net proceeds of approximately RMB196.8 million were received. Details of the TDR issue were disclosed in the Company's announcements dated 4 December 2009 and 10 December 2009.

The Group's principal sources of working capital in the current year included cash flow from operating activities, bank and other borrowing and the proceeds from the issue of TDR. As at 31 December 2009, the Group's current ratio (current assets divided by current liabilities) was 2.3 (2008: 2.2) and net debt-to-equity ratio (net debt divided by shareholders' equity) was 5.9% (2008: net cash). The Group's financial position remains healthy which enabled us to overcome the adverse impacts from the global economic slowdown as well as to facilitate future development.

As at 31 December 2009, the Group had net borrowings of RMB82.2 million (2008: net cash of RMB77.8 million) which represented cash at bank and in hand of RMB236.2 million (2008: RMB270.4 million), pledged deposits of RMB44.1 million (2008: RMB25.0 million), short-term bank loans of RMB289.3 million (2008: RMB214.6 million), long-term bank loan of RMB70 million (2008: RMBNil) and long-term municipal government loan of RMB3.2 million (2008: RMB3.0 million). The Group's net debt-to-equity ratio (net debt divided by shareholders' equity) increased from -6.2% as at 31 December 2008 to 5.9% as at 31 December 2009. The negative sign shown for the year end of 2008 represents a net cash position at that time.

Contingent liabilities

As at 31 December 2009, there were no material contingent liabilities.

Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than Renminbi, the functional currency of the operations of the Group. The currencies giving rise to this risk to the Group are primarily US dollars and Japanese Yen. The Directors do not expect any significant impact from the exchange rate movement since the Group uses foreign currencies collected from customers to settle the amounts in foreign currencies due to suppliers. In addition, the Directors ensure that the net exposure is kept to an acceptable level by buying or selling US dollars and Japanese Yen at spot rates where necessary to address short-term imbalances.

Human resources

As at 31 December 2009, the Group had 1,182 (2008: 1,186) employees. Employee benefit expenses decreased to RMB66,317,000 in 2009 from RMB69,911,000 in 2008, which represented a decrease of 5.1%. The remuneration for existing employees comprises basic salary, discretionary bonus, share-based payments and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Group's annual results for the year ended 31 December 2009.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company be held on 10 June 2010. Notice of the annual general meeting will be published and issued to shareholders in due course.

By Order of the Board
Solargiga Energy Holdings Limited
Hsu You Yuan
Executive Director

Hong Kong, 17 March 2010

As a consequence of his announcement, Mr. Tan Wenhua, Mr. Hsu You Yuan and Ms. Zhang Liming are executive Directors of the Company, Mr. Chiao Ping Hai and Mr. Chong Kin Ngai are non-executive Directors of the Company and Mr. Wong Wing Kuen, Alber, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun are independent non-executive Directors of the Company.