



Solargiga Energy

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

2008 Interim Results Announcement

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Agenda



- **Major Accomplishments in 1H 2008**
- **Company Overview**
- **Financial Review**
- **Strategies and Plans**
- **Investment Highlights**



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Major Accomplishments in 1H 2008

Major Accomplishments in 1H 2008



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- Listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 March 2008
- Achieved outstanding financial performance
 - Turnover surged by 76.2% year-on-year
 - Gross profit margin reached 40.4%, one of the highest among comparables
 - Profit attributable to equity shareholders soared by 170.8%* year-on-year
- Increased annual production capacity of monocrystalline silicon ingots and wafers from 1,032 tonnes and 17 million pieces at the end of 2007 to 2,000 tonnes to 48 million pieces in 1H 2008, respectively
- Successfully entered into polysilicon supply agreements with Wafer Works Corporation and other suppliers to secure a stable supply of raw materials at favourable prices

*Excluded one-off gain on acquisition of the Acquired Group amounting to RMB 74.8 million in 2007 and one-off IPO expenses of RMB 11.6 million in 2008



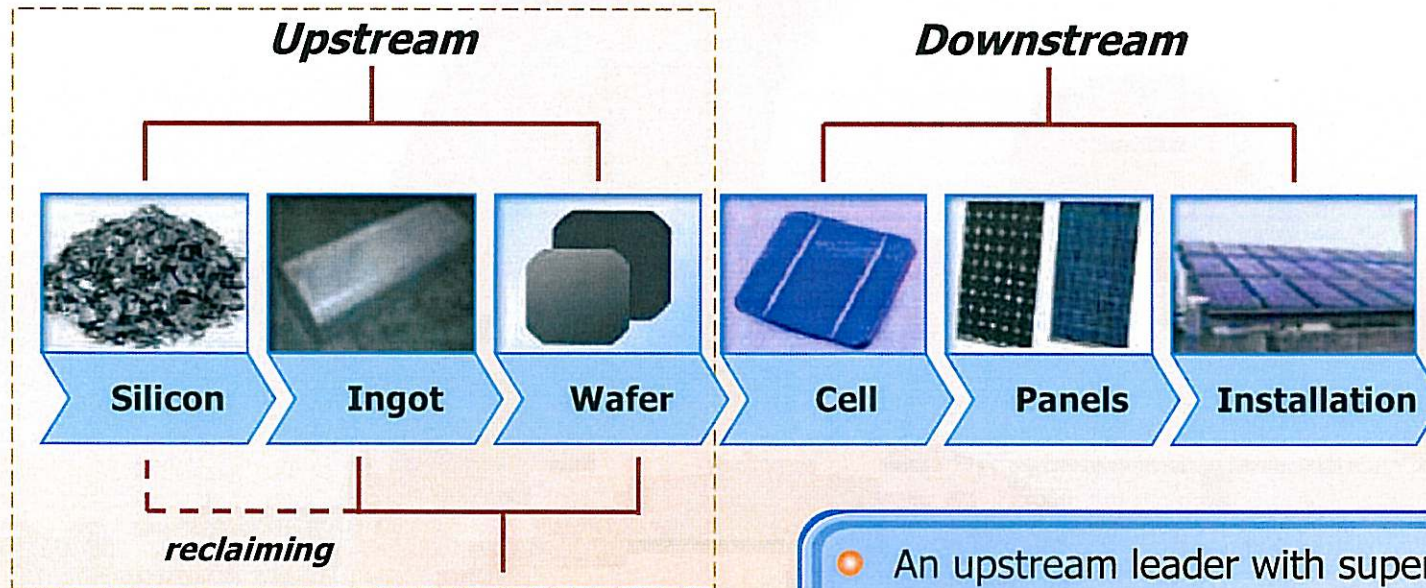
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Company Overview

Well-positioned in Upstream Value Chain



- A leader in Monocrystalline Silicon Ingot and Wafers, with industry leading gross margins and cost advantages from technological excellence



- An upstream leader with superior profit margins in the PRC
- Able to pass the increasing price pressure of polysilicon onto downstream players
- Vertical integration of manufacturing, reclaiming and processing capabilities to ensure manufacturing and production cost efficiency

A Leading Manufacturer of Monocrystalline Silicon Ingots and Wafers in the PRC



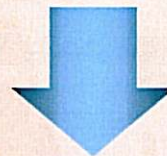
- **China's 2nd Largest Manufacturer of Monocrystalline Silicon Ingots, with unrivalled collaboration of expertise from China, Taiwan and Japan***
- A combination of Chinese manufacturing talent and local manpower resources, Taiwanese solar-related technology and Japanese PV industry expertise
- 3 strategic shareholders: WWX, SEC and Sumitomo
 - Exchange management and operational experience with strategic shareholders and enhance technology level
- Established strong & long term relationships with leading solar energy players in the PV value chain
 - Maximize its interlocking client and supplier network to enhance its market competitiveness
 - Entering into supply, manufacturing and processing contracts simultaneously
- Jointly established a research centre with Dalian University of Technology which will possess world class technology, assist the Group in developing new products and technology and nurturing of the R&D technicians so as to optimize operating efficiency

** By production output and sales in 2004-2007*

Strategic Alliance with Industry Leading Players



- ▶ Demand for polysilicon will significantly increase with the 96 newly purchased ingot pullers commencing production in 3Q2008
- ▶ Entered into Supplemental Polysilicon Supply Agreement with Wafer Works Corporation in June 2008
- ▶ To cater for the current production requirement and further ensure stable supply at competitive prices for the coming years
- ▶ Enjoy shared management experiences and enhanced technology on solar energy with strategic investors



Secured Stable Supply of Raw Materials

Expanded Production Capacity



- Additional 96 ingots pullers and 16 wire-saws were in place in 1H 2008
- Further install 13 wiresaws by the end of 2008
 - Annual production capacity of monocrystalline silicon ingots will be doubled from about 1,000 tonnes at the end of 2007 to 2,000 tonnes, i.e. light energy conversion capacity of 200MW
 - Annual production capacity of wafers will be increased by 2.3 times to 56 million pieces

Capacity

	As at 30 June		As at 31 December	
	2008	2007	2008	2009E
Ingots – designed annual capacity (tonnes)	2,000	1,032	2,000	4,000
Wafers – designed annual capacity (pcs 'million)	48	17	56	150
Polysilicon - reclaiming annual throughput (tonnes)	2,400	2,400	2,400	2,400

Speed up capacity expansion to capture market opportunities

Enhanced Technology to Implement Effective Cost Control



Advanced and proprietary know-how gained from combination of expertise from China, Taiwan and Japan



Lower production cost while maintaining superior quality

Use more low cost scrap polysilicon with advanced recycling technique

Increase productivity level with high quality output

Ingots exempted from the State's quality surveillance inspection

Achieved 40.4% of gross profit margin despite current high polysilicon prices



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Financial Review

Interim Results Summary



For the six months ended 30 June

(RMB million)	2007	2008	Change (%)
Revenue	389.0	685.5	76.2
Gross Profit	112.3	276.7	146.4
Operating Profit*	102.8	237.6	131.2
Profit Attributable to Equity Holders*	72.0	194.9	170.8
Basic EPS (RMB cents) *	5.0	12.5	150.0

*Excluded one-off gain on acquisition of the Acquired Group amounting to RMB 74.8 million in 2007, and one-off IPO expenses of RMB 11.6 million in 2008

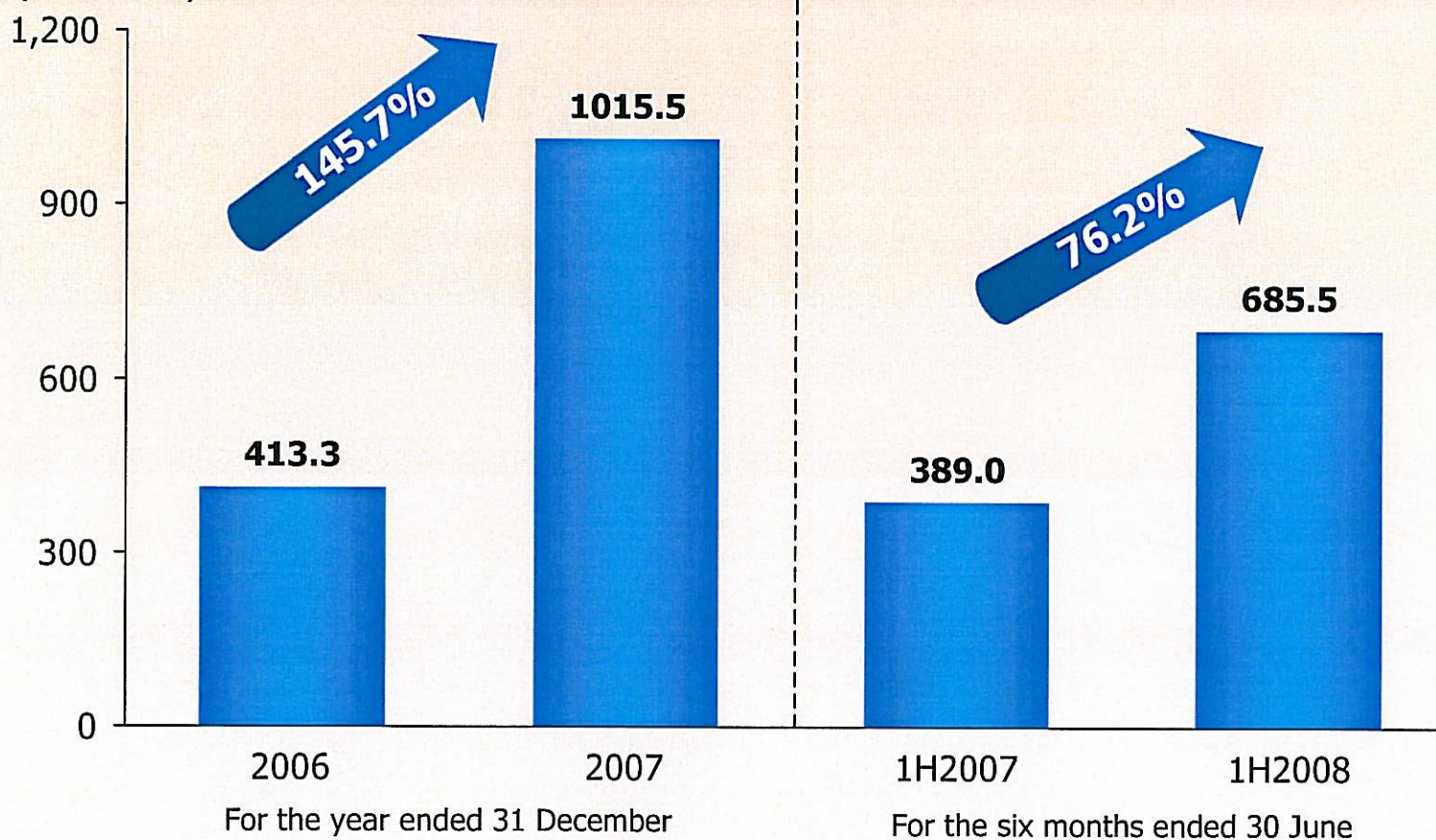
Strong Turnover Growth



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• Turnover

(RMB million)

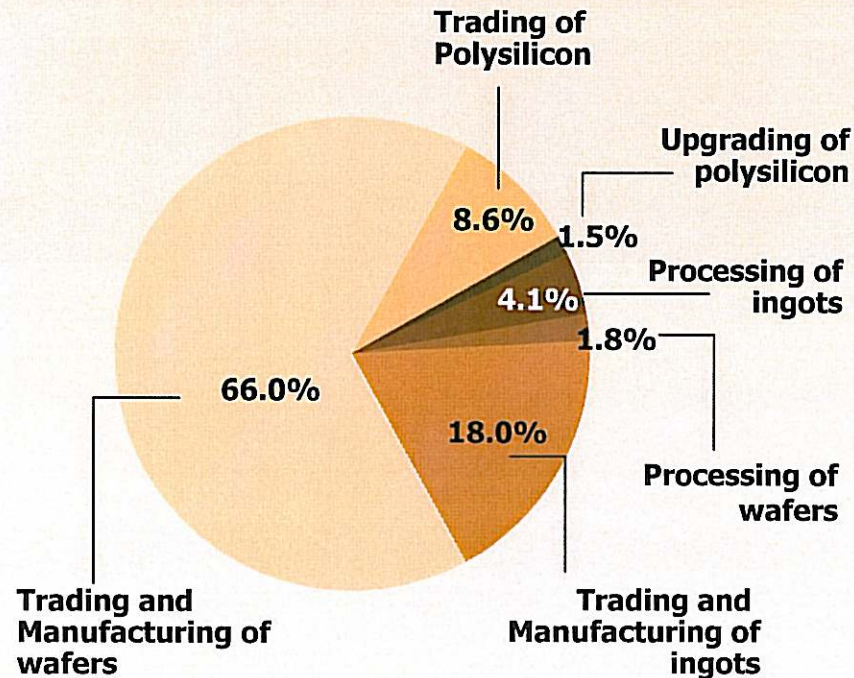


Vertical Business Integration – Turnover Breakdown

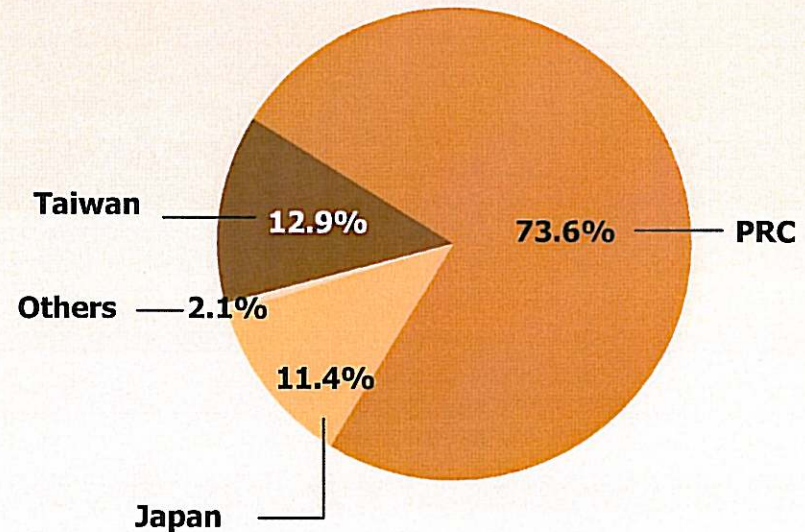


- Sales of solar wafers surged by 100% with the increase in average selling prices and sales volume
- Proactively developed the PRC market in light of RMB appreciation and reduction of VAT export refund

● By Business



● By Region



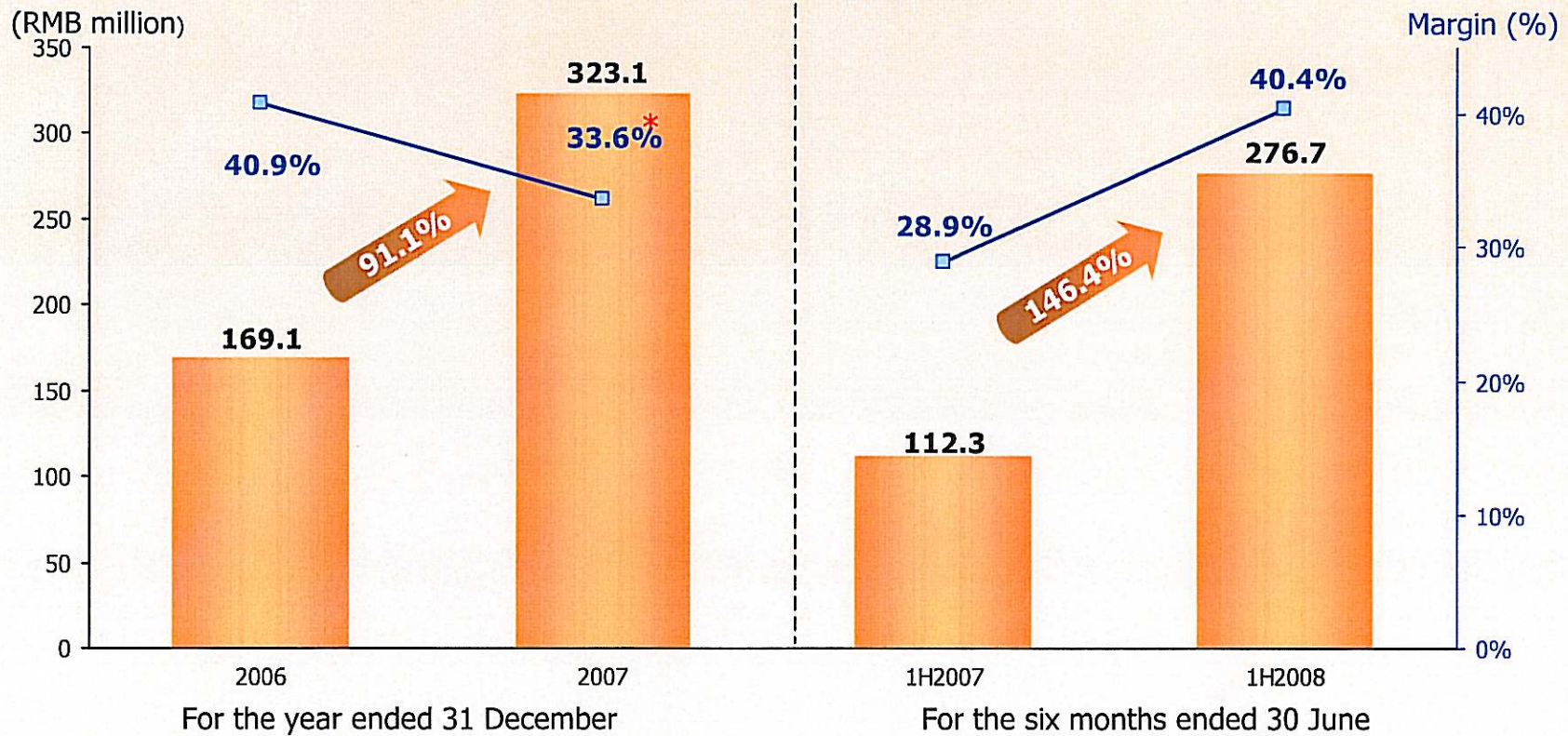
For the six months ended 30 June 2008

Robust Growth of Gross Profit



- Gross profit margin was one of the highest among comparables

Gross Profit and Margin

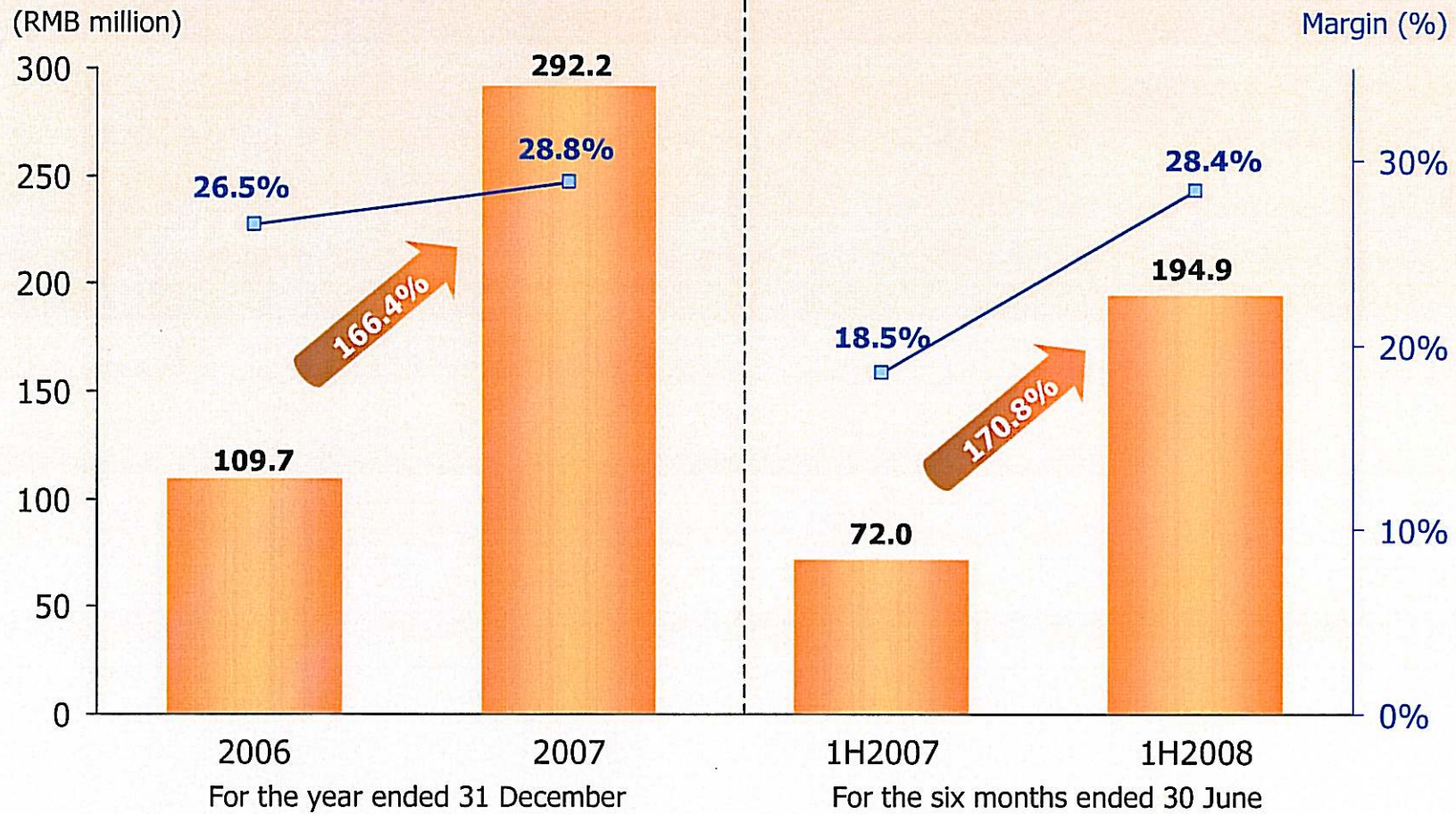


* Excluded one-off fair-value adjustment on the acquisition of the Acquired Group, amounting to RMB 18M

Robust Growth of Net Profit and Margin



• Net Profit and Margin



Net profit attributable to equity holders

Strong Financial Position and Improving Turnover Days



For the six months ended 30 June

	2007	2008	Change
Debt to Equity Ratio (net debt/ equity)	Net Cash	Net Cash	N/A
Current Ratio (Times)	2.3	7.7	5.4
Inventory Turnover (Days)	100	79	-21
Trade Receivables Turnover (Days)	45	25	-20
Trade Payable Turnover (Days)	41	17	-24
Net Assets (RMB' million)	633	1,347	714



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Strategies and Plans

Business Strategies

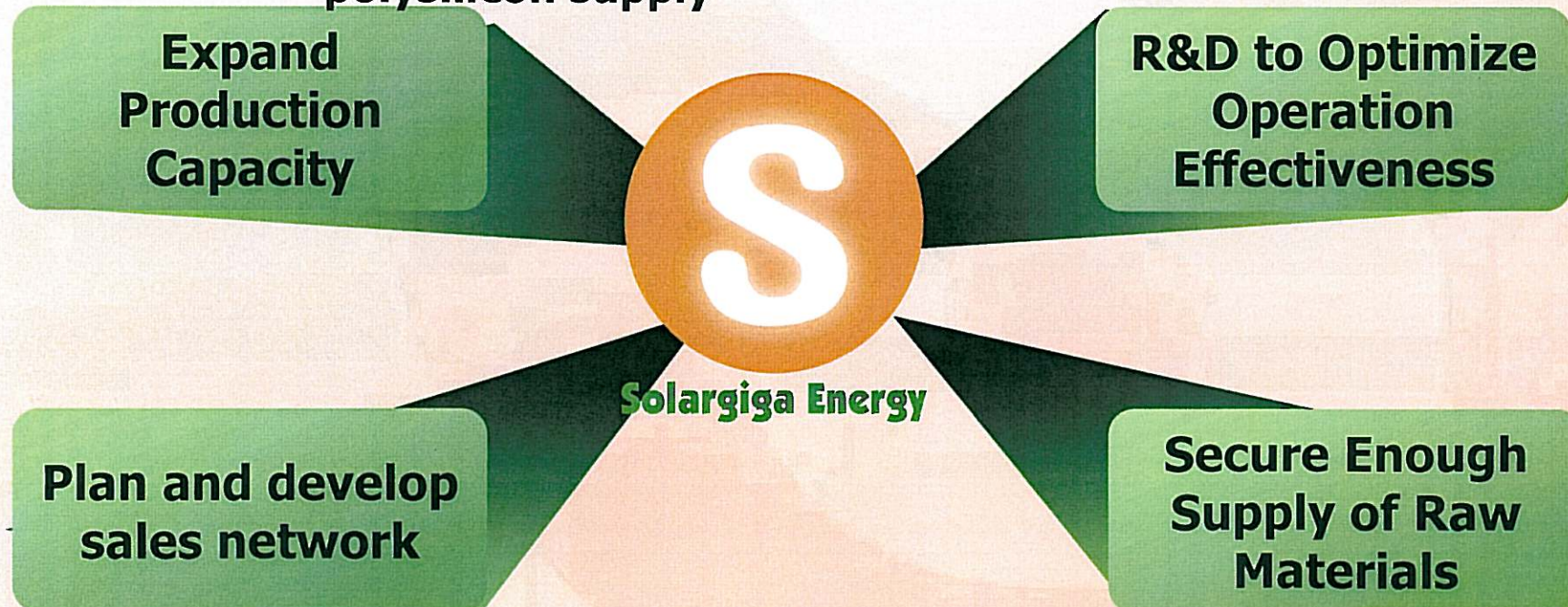


- **Short term target**

- To become the World's Largest Manufacturer of Monocrystalline Solar Products

- **Medium term strategy**

- To become one of the key players in multicrystalline solar product business after securing long term polysilicon supply



Expand Production Capacity



- Additional 200 ingot pullers and 43 wiresaws will be in place by the end of 2009

Production Capacity Expansion Plan

	As at 30 June		As at 31 December		Growth (08-09)
	2008	2007	2008	2009E	
Ingot Puller (set)	196	100	196	400	104%
Wiresaw (set)	24	8	37	80	116%

➤ 09: Double silicon ingot capacity to 4,000 tons

➤ 09: Increase wafer capacity to 150 million pieces

Increase annual light energy conversion capacity to 400MW by end of 2009

Enhance competitiveness and increase market share globally

Stabilize the Supply of Raw Materials



- **Actively look for new suppliers for raw materials to reduce the risks of unstable supply of raw materials and price fluctuation**

- Steady polysilicon supply from strategic investors

- Enter into long-term polysilicon supply contracts

R&D to Optimize Operation Effectiveness



- Increase product variety
 - Larger and thinner wafers
 - Ex: 12" ingot trial production by 09/2008
 - Application of advanced magnetic technology of semiconductor in solar crystal ingot pulling
 - Ex: 40 ingot pullers with added magnetic field will be delivered in 3Q2009 and trial production begins when installation completes
- Enhance technical know-how advantage
 - Using the technological breakthrough achieved in the trial productions of 12" ingots and apply to current 6" and 8" ingot productions
 - Improve overall product quality
- Diversify source of raw materials
 - R&D on the use of metallurgical silicon in the production of monocrystalline silicon ingots
 - Explored on the possibilities of reclaiming waste silicon powder produced during wafer manufacturing process for ingot production



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Investment Highlights

Investment Highlights



S Focus on core competencies to be the world's largest monocrystalline solar player

S Capacity growth to capture enormous growth potential in global solar industry

S Ability to secure a stable supply of raw materials at favourable prices

S Unrivalled R&D and innovations to optimize operation effectiveness

S Outstanding financial performance with effective cost control, achieving outperformed margins