



**Solargiga Energy**

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

**Corporate Presentation**

**July 2008**

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# Agenda



- **About Solargiga**
- **Financial Overview**
- **Industry Outlook**
- **Strategies and Plans**
- **Open Forum**



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# About Solargiga

# Solargiga at a Glance



## ● Leading Market Position

- ★ Second largest player in terms of production output and sales\*
- ★ A well established brand in polysilicon upgrading and reclaiming in China
- ★ Built an excellent value chain from recent merger and strategic shareholders
- ★ Emphasis on quality through quality management

## ● Competitive Advantages

Increase capacity by 2009 to 400 MW and 150 million wafers

Strengthen its strategic tie with suppliers

Secure sufficient supply of silicon raw material

Utilize technical know-how from semi-conductor industry

*Well-positioned to capture the anticipated rapid growth of the world's solar energy industry*

# 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\***

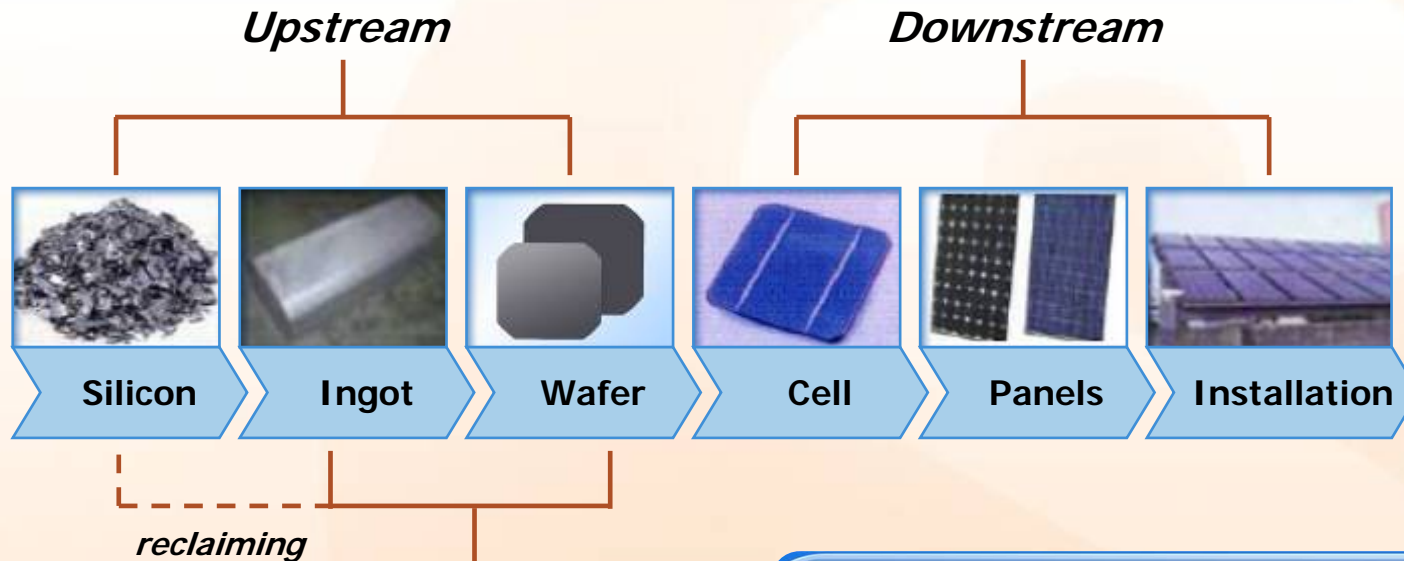
## Capacity

	As at 31 December					
	2004	2005	2006	2007	2008E	2009E
<b>Ingots - designed annual capacity</b> (tonnes)	113	184	759	1,032	2,000	4,000
<b>Wafers – designed annual capacity</b> (pcs 'million)	–	–	9	17	56	150
<b>Polysilicon - reclaiming annual throughput</b> (tonnes)	800	1,000	1,800	2,400	2,400	2,400

\* By production output and sales in 2004-2006

# Positioning in Upstream Value Chain

## Value Chain of Monocrystalline Silicon-based Solar Energy Products



- Enjoy attractive and higher profit margin as upstream leader in the PRC
- Vertical integration of manufacturing, reclaiming and processing capabilities to secure raw materials and low cost efficiency

# Strategic Merger forming an Integrated Platform

- Acquired the polysilicon reclaiming and ingot business of Wafer Works in June 2007, forming an integrated supply chain

Jinzhou



Shanghai

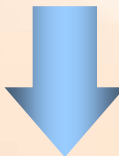


## Original Group

- 800 tonnes of ingot
- 17 million wafers
- 1,200 tonnes of reclaiming polysilicon

## Acquired Group (Waferworks' Solar business unit)

- 200 tonnes of ingot
- 1,200 tonnes of reclaiming polysilicon



- 1,000 tonnes of ingot
- 17 million wafers
- 2,400 tonnes of reclaiming polysilicon



# Timeline of Corporate Development

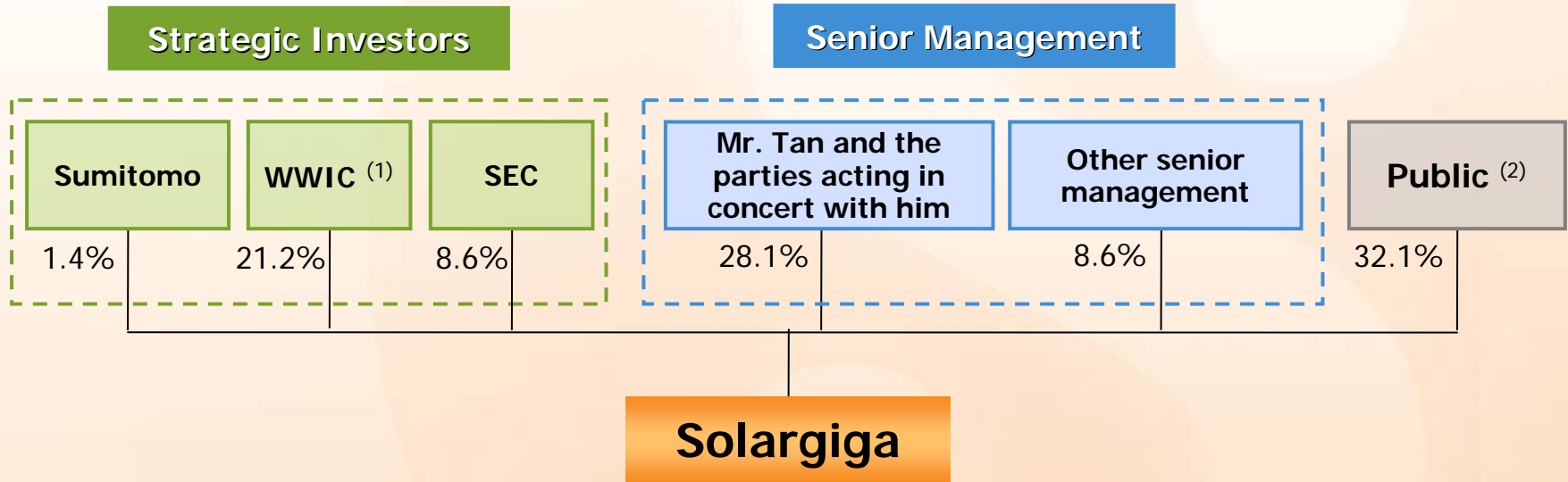
2008	<ul style="list-style-type: none"> <li>• Underwent production capacity expansion to reach 200MW by the end of 2008</li> <li>• Listed on the Main Board of the Stock Exchange of Hong Kong</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Doubled ingot and triple wafer production capacity respectively by the end of 2007</li> <li>• WWX and Sumitomo joined SEC to become strategic shareholders of the Group</li> <li>• Merger with solar business of WWX</li> <li>• Vertical integration with polysilicon reclaiming</li> <li>• Awarded ISO14001:2004 certificate in environmental management</li> </ul>
2006	<ul style="list-style-type: none"> <li>• Capacity reached 100 MW</li> <li>• Ingots manufactured by one of the JVs have been certified exempt from quality surveillance inspection by the State General Administration for Quality Supervision and Inspection and Quarantine</li> <li>• Awarded ISO9001:2000 certificate in quality management</li> <li>• Waiver on delivery checking by a leading international solar cell producer</li> </ul>
2005	<ul style="list-style-type: none"> <li>• Milestone – ranked second largest monocrystalline silicon ingot producer in China, in terms of annual production capacity</li> </ul>
2004	<ul style="list-style-type: none"> <li>• Established a JV with SEC to commence manufacturing of monocrystalline silicon wafers</li> </ul>
2002	<ul style="list-style-type: none"> <li>• Established a JV with PLC to produce monocrystalline silicon ingots</li> </ul>
2001	<ul style="list-style-type: none"> <li>• First exported silicon and related products to Japan</li> </ul>
2000	<ul style="list-style-type: none"> <li>• First established an equity JV with SEC to produce monocrystalline silicon ingots</li> </ul>

**China's 2nd largest manufacturer of monocrystalline silicon ingots from 2004 -2006**

# Post Offering Shareholding Structure (as at 24 Apr 08)



- A highly committed management team who are also shareholders
- Strong support from value added strategic investors on raw material supplies, technical know-how enhancement and sales referrals



*\*After the partial exercise of over-allotment options*

1) Wafer Works Investment Corp. (a company wholly-owned by WWX)

2) The Public Shareholders include other minority shareholders

# Quality and Environmental Management



- ISO Accreditation

- ISO 9001:2000 certificate

- Precise quality manual basing from ISO standards is designed and policies are implemented throughout the entire production chain
    - Monitoring of information of customer satisfaction as a measure of system performance
    - Maintenance of quality assurance and focus on continual improvement

- ISO 14001:2004 certificate

- Follow precise guidelines on the elements of environmental management system and its implementation
    - Minimize harmful effects and achieve continual improvements



- Certificate of exemption from Quality Surveillance
  - Issued by State General Administration for Quality Supervision and Inspection & Quarantine



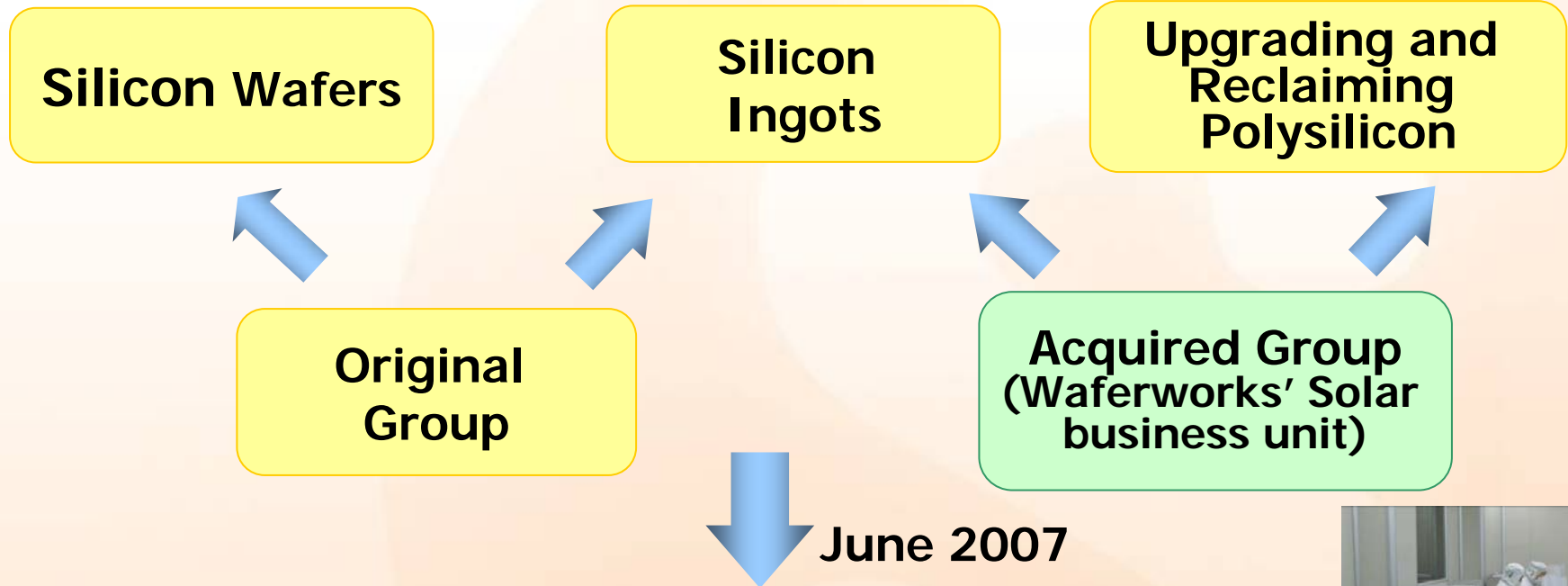
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# Financial Overview

# Summary of Merger – Vertical Integration



07 Results: Original Group's FY07 results + Acquired Group's 2H07 results



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- Enlarged Group
- 1,000 tonnes of ingot
- 17 million wafers
- 2,400 tonnes of reclaiming polysilicon

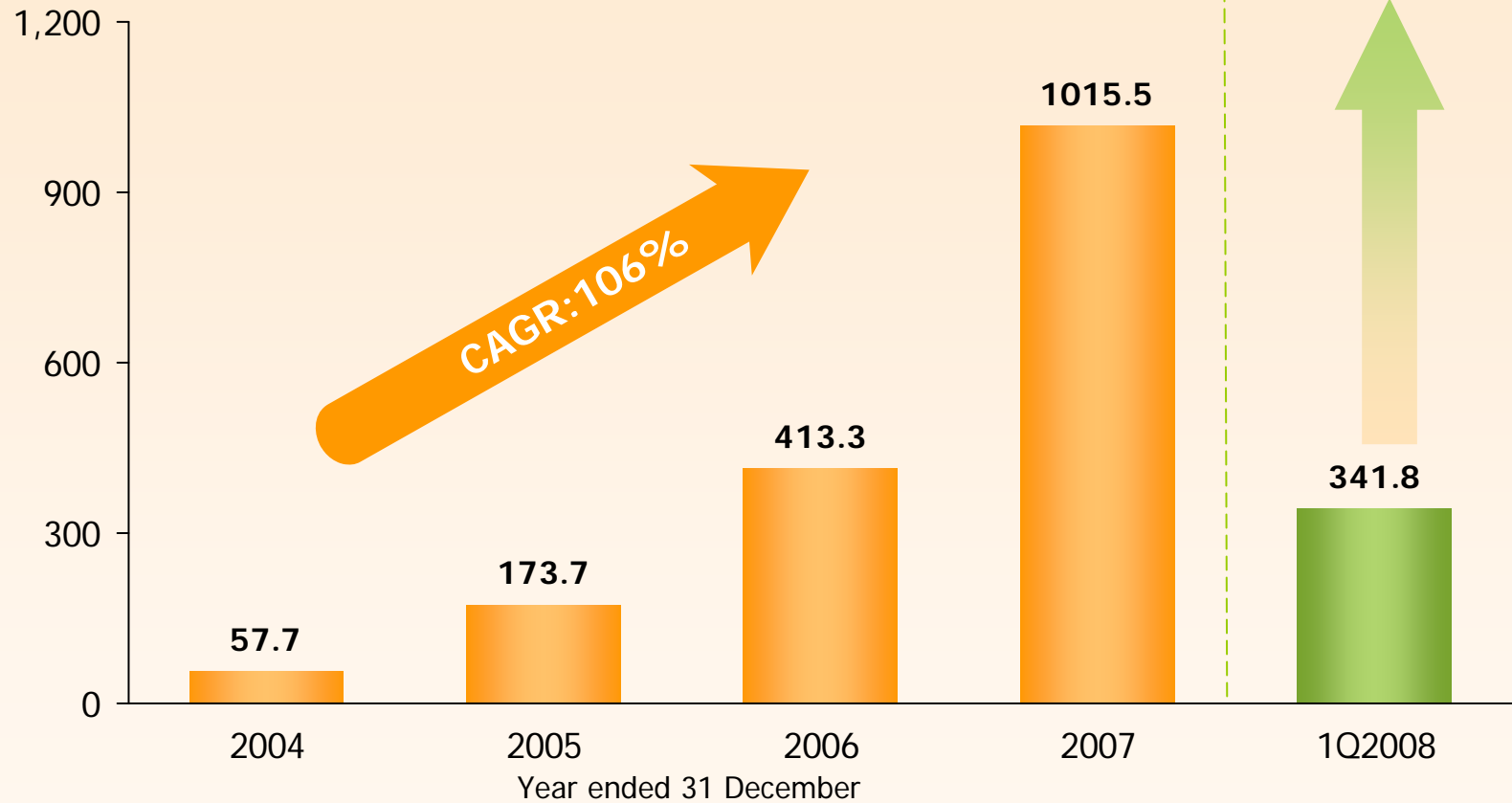


# Strong Turnover Growth



## ● Turnover

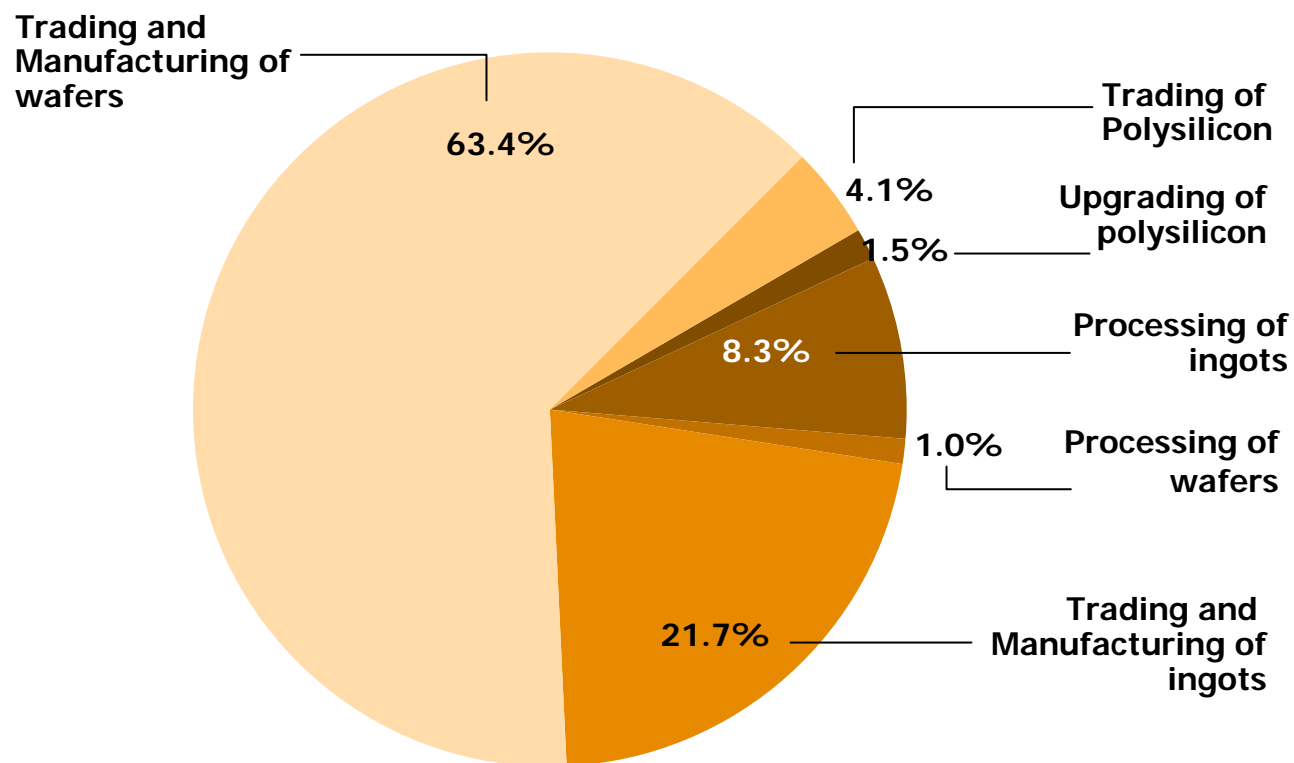
(RMB million)



# Vertical Business Integration - Turnover Breakdown



## By Business

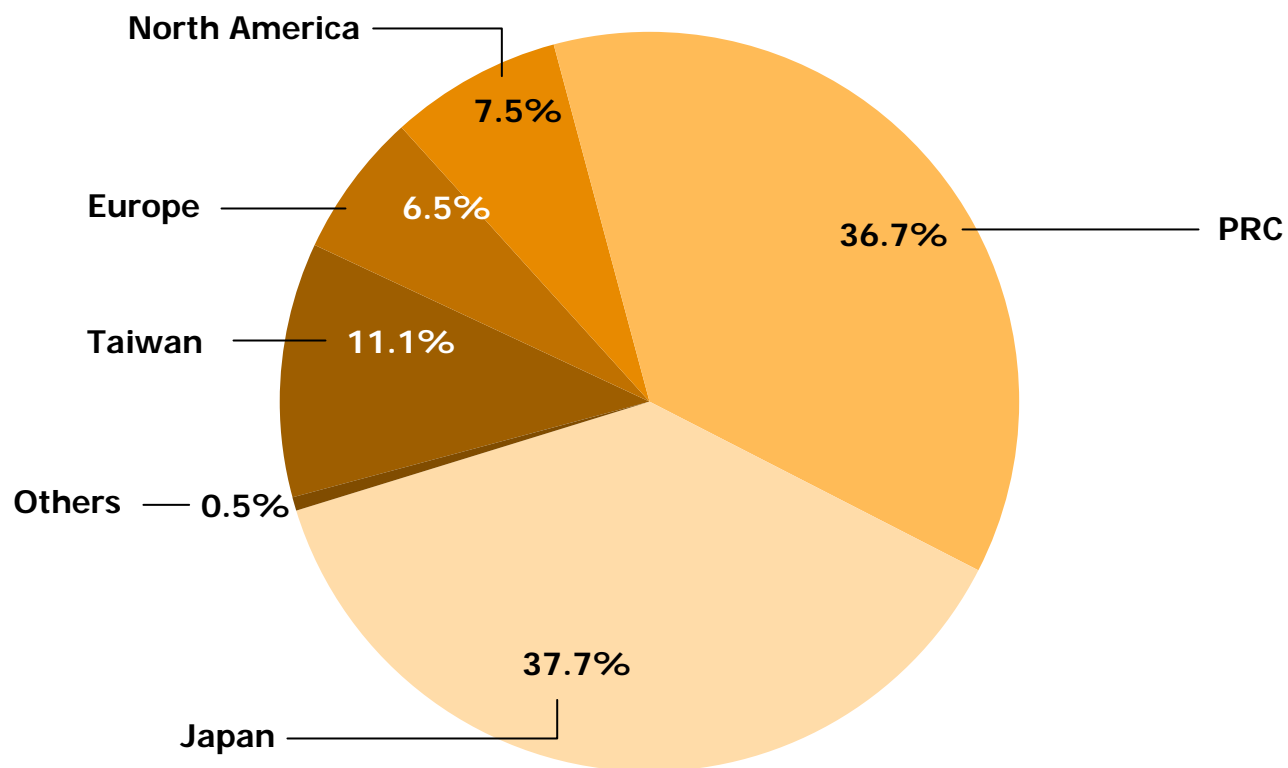




# Vertical Business Integration - Turnover Breakdown

- High proportion of overseas sales showed high quality of products

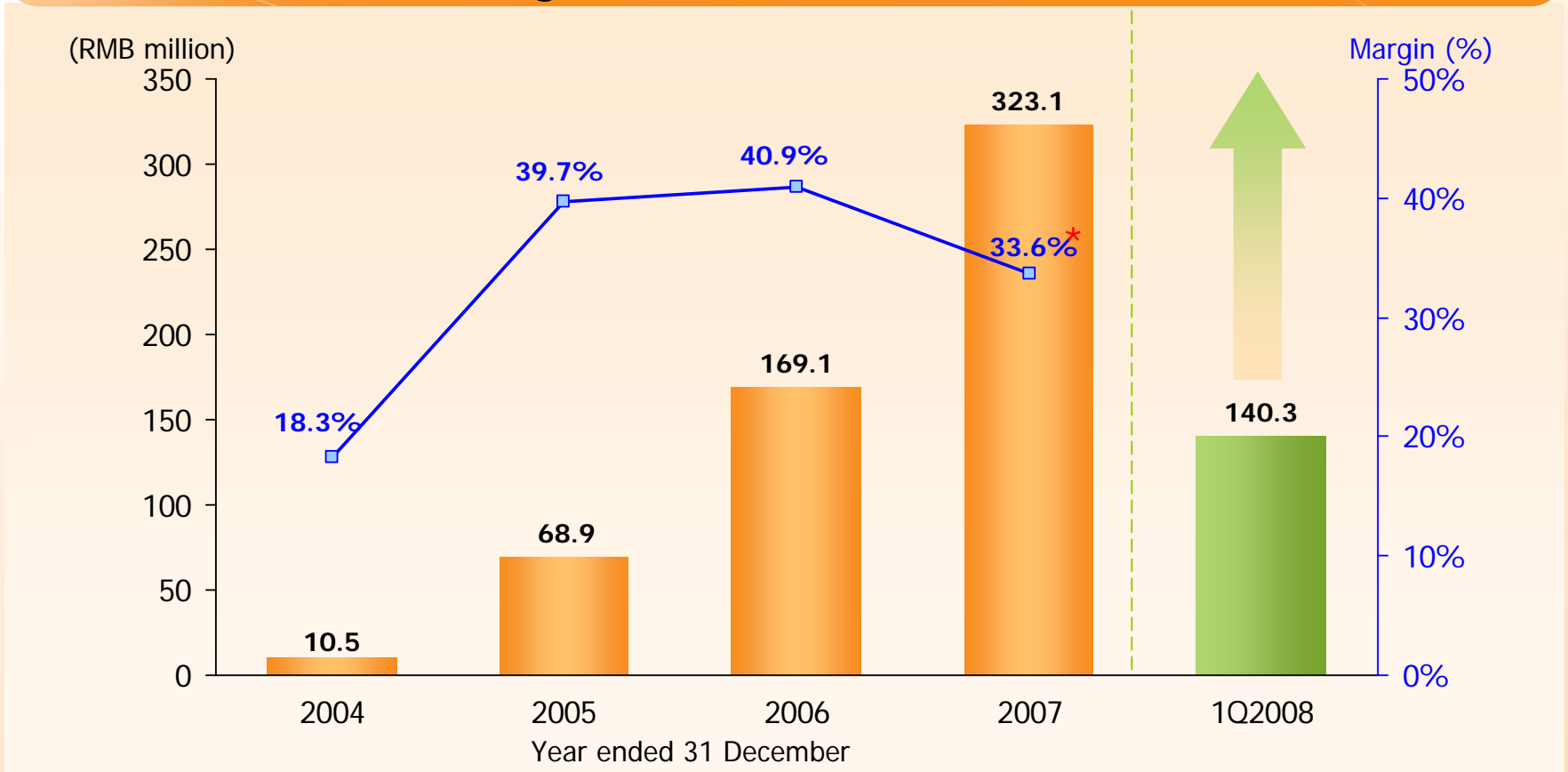
## By Region



# Robust Growth of Gross Profit

- Gross Profit Margin was one of the highest in comparables

## Gross Profit and Margin

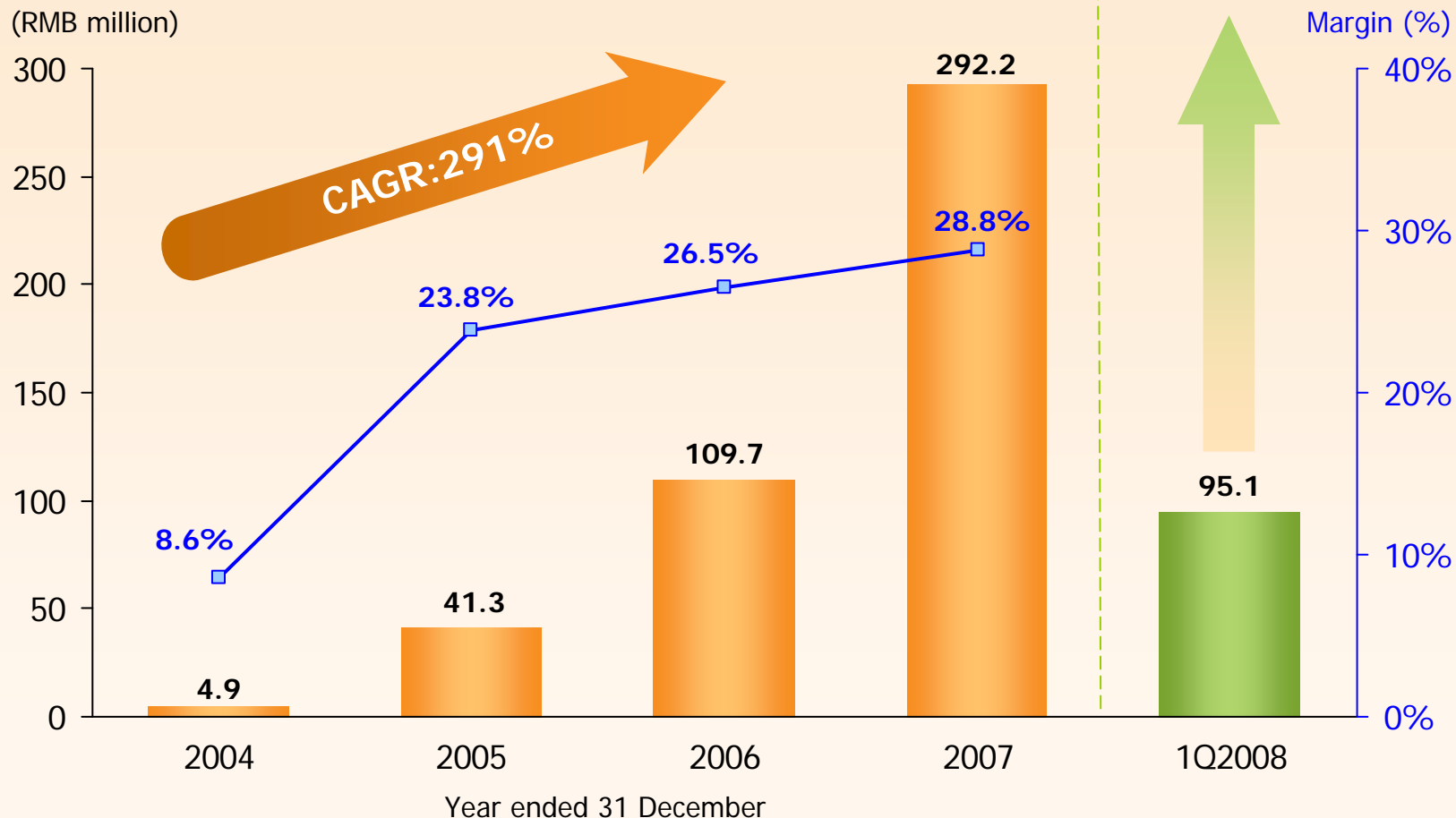


\* Excluded one-off fair-value adjustment on the acquisition of the Acquired Group, amounting to RMB 18M

# Robust Growth of Net Profit and Margin



## ● Net Profit and Margin



# Net profit attributable to equity holders

# Key Financial Ratios



Year ended 31 December

	2004	2005	2006	2007
<b>ROE*</b>	20.2%	59.7%	72.5%	71.1%
<b>Debt to Equity Ratio (net debt/ equity)</b>	Net Cash	17.3%	Net Cash	Net Cash
<b>Current Ratio (Times)</b>	2.09	1.79	2.05	2.33
<b>Inventory Turnover (Days)</b>	51	39	107	77
<b>Trade Receivables Turnover (Days)</b>	22	18	36	31
<b>Trade Payable Turnover (Days)</b>	18	21	51	24
<b>Net Assets (RMB' million)</b>	47.9	154.3	254.8	632.7

\*Net profit attributable to equity shareholders/ average equity attributable to equity shareholders




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# Industry Outlook

# Key Growth Drivers in Global Solar Energy Industry



Fast growing pace of Solar Energy industry

- 
- 1 Global warming and environmental concerns
  - 2 Increase in social and environmental awareness
  - 3 Growing demand for energy
  - 4 Rising prices of fossil fuels
  - 5 Government incentives and renewable energy laws for solar energy

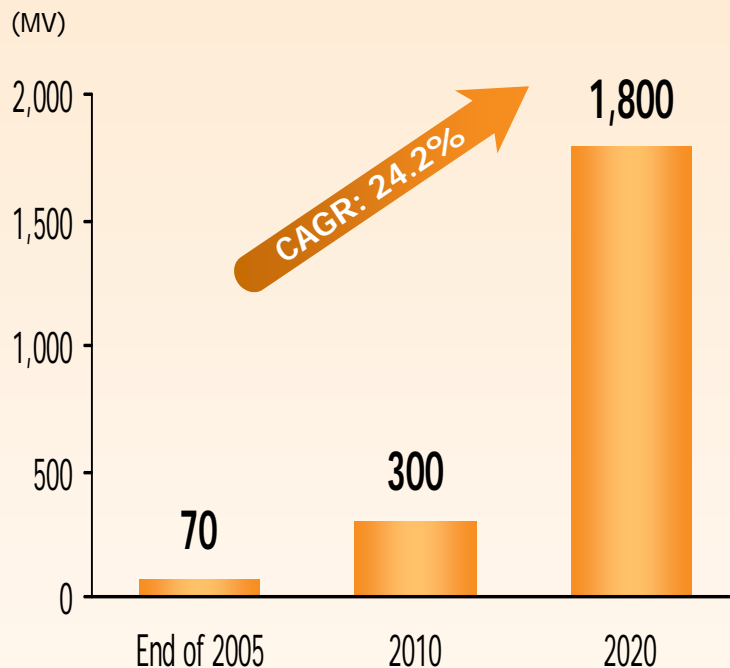
# Rapid Growing China Solar PV Industry



## ● Market Potential

### Market Projection

China's cumulative installed PV capacity:



## ● PRC's Strengths

- The world's leading supplier of monocrystalline silicon products
- Mature in the solar wafer manufacturing know-how and processing
- Dominated by the production of monocrystalline silicon products
- Strong ability to manufacture monocrystalline pullers domestically
- Enjoy cost efficient operation
- PRC Renewable Energy Law
- PRC Government Funding and Plans



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# Strategies and Plans



# Business Strategies



- To become the World's Leading Player in the Solar Energy Industry

Expand  
production  
capacity

Capital investment in  
upstream  
players in the  
PV industry



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Plan and develop  
sales network

R&D and quality  
management to  
improve production  
efficiency and reduce  
cost

# Expand Production Capacity

## Expand Production Capacity

	2007	2008	2009E	Growth (08-09)
Ingot Puller (set)	100	196	400	104%
Wiresaw (set)	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

- Focus on the upstream segment of the PV market
- Continue to seek strategic alliance or long-term relationships with upstream and downstream players in the PV industry

*Enhance competitiveness and increase market share globally*

# Capital Investment in Upstream Players in PV Industry



**Acquire minority interests of two polysilicon raw material manufacturers to lock in raw material supply**

**Further enhance yield on recycling system**

**Explore possible investment or co-operative opportunities to secure raw material supply**

# R&D & Quality Management to Improve Production Process and Reduce Cost

Enhance proprietary know-how and techniques

Continue to develop commercially and cost-effective manufacturing process

Strengthen collaboration with other advanced technology organizations and universities

Continue to enhance quality management

Maintain high quality solar ingots and wafers

Improve manufacturing process

Minimize manufacturing cost

Expand product spectrum

- Continue to conduct R&D on thinner wafer slicing and larger wafer size, lower cost process development, as well as enhancing product quality through the application of semiconductor manufacturing technology

# Investment Highlights



**S** First solar energy IPO on Main Board of SEHK

**S** Capacity growth to match enormous growth potential in global solar industry

**S** An integrated and leading player in the best-positioned upstream solar value chain

**S** Combination of resources and expertise from China, Taiwan and Japan

**S** Experienced management team



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# Open Forum