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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)

DISCLOSEABLE TRANSACTION FINANCE LEASE AGREEMENT

On 5 December 2022, Jiangsu Yueyang (a non wholly-owned subsidiary of the Company), and the Lessor entered into the Finance Lease Agreement, pursuant to which (i) the Lessor shall purchase the Equipment from Jiangsu Yueyang at a total consideration of RMB45,000,000, and (ii) the Lessor agreed to lease the Equipment back to Jiangsu Yueyang for a lease term of 24 months.

Since one of the applicable percentage ratio (as defined in the Listing Rules) in respect of the Finance Lease Agreement exceeds 5% but does not exceed 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but not subject to the circular and Shareholders' approval requirements.

THE FINANCE LEASE AGREEMENT

The Board is pleased to announce that, on 5 December 2022, Jiangsu Yueyang (a non wholly-owned subsidiary of the Company), and the Lessor entered into the Finance Lease Agreement, pursuant to which (i) the Lessor shall purchase the Equipment from Jiangsu Yueyang at the consideration of RMB45,000,000, and (ii) the Lessor agreed to lease the Equipment back to Jiangsu Yueyang for a lease term of 24 months.

Set out below are details of the Finance Lease Agreement:

Date	5 December 2022
Parties	(i) Jiangsu Yueyang (as the Lessee); and (ii) Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司) (as the Lessor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.

The Finance Lease Agreement comprises (i) the purchase of the Equipment by the Lessor from Jiangsu Yueyang; and (ii) the leaseback arrangement, details of which are set out below.

(a) Sale and purchase arrangement

Subject assets	the Equipment
Consideration of the subject assets payable by the Lessor to Jiangsu Yueyang	RMB45,000,000
Basis of determination of consideration of the subject assets	The consideration of the Equipment was determined after arms' length negotiations between the Lessor and Jiangsu Yueyang with reference to the net book value of the Equipment and its status and condition.
Manner of payment of consideration	Upon all customary conditions to payment under the Finance Lease Agreement (including without limitation relevant registration of the Finance Lease Agreement) having been fulfilled, the Lessor shall pay the consideration to Jiangsu Yueyang within 5 business days.

(b) Leaseback arrangement

Lease term

The lease term of the Equipment is 24 months commencing from the date on which the Lessor pays the consideration for the Equipment in accordance with the Finance Lease Agreement.

Aggregate lease payment

Pursuant to the Finance Lease Agreement, the principal lease amount payable by Jiangsu Yueyang to the Lessor shall be RMB45,000,000 (i.e. 100% of the total consideration of the Equipment). Jiangsu Yueyang shall also pay to the Lessor an aggregate lease interest payment of approximately RMB3,055,778 (inclusive of value-added tax). The aggregate lease interest payment is calculated based on a fixed interest rate of 5.80% per annum.

The principal lease amount and the aggregate interest shall be payable by Jiangsu Yueyang to the Lessor in 8 instalments, with (i) the first instalment payable on the fifteenth day of the fourth calendar month after the date on which the Lessor pays the consideration for the Equipment in accordance with the Finance Lease Agreement; (ii) the second to seventh instalments payable every three months thereafter; and (iii) the last instalment payable on the last day of the lease term.

The principal lease amount and lease interest under the Finance Lease Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement with reference to the Lessor's purchase cost of the Equipment and the prevailing market interest rate for finance lease of comparable equipment.

Security deposit

Jiangsu Yueyang agreed to pay to the Lessor a security deposit for the Finance Lease Agreement in the sum of RMB2,250,000 (bearing nil interests). When the last lease payment is due to be paid, the lease payment and other payables under the final payment will automatically be deducted from the deposit, and the Lessor will refund Jiangsu Yueyang the remaining amount (if any).

Consultancy Fee

The Lessor and Jiangsu Yueyang have entered into a consultancy service agreement, pursuant to which Jiangsu Yueyang shall pay to the Lessor a consultancy fee of RMB810,000 for the provision of consultation services, including but not limited to consultation on the arrangement under the finance lease, such as the structure of the transaction and the proposal on the finance lease model.

The terms of the consultancy service agreement with the Lessor, including the consultancy fee payable, were determined after arm's length negotiation between the parties with reference to the prevailing market fees for consultancy services for finance lease arrangements in relation to comparable equipment.

Ownership of the Equipment

During the lease term, the ownership of the Equipment shall be vested in the Lessor. If Jiangsu Yueyang has properly and fully performed all obligations under the Finance Lease Agreement, upon the expiry of the lease term, Jiangsu Yueyang is entitled to repurchase the Equipment at a nominal consideration of RMB100.

Guarantee

Pursuant to the Finance Lease Agreement:

- (i) Each of Mr. Tan Wenhua (Chairman of the Board, an executive Director and a substantial shareholder of the Company) and Ms. Zhao Xiuqin (the spouse of Mr. Tan Wenhua) shall provide a joint and several liability guarantee for the due and punctual performance of Jiangsu Yueyang's obligations under the Finance Lease Agreement; and
- (ii) Jinzhou Yangguang, an indirect wholly-owned subsidiary of the Company, shall provide a joint and several liability guarantee for the due and punctual performance of Jiangsu Yueyang's obligations under the Finance Lease Agreement.

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENT

It is expected that according to the Hong Kong Financial Reporting Standards, the Finance Lease Arrangement shall be accounted for as financing arrangements and therefore would not have any significant immediate effect on the earnings of the Group for the year ending 31 December 2022.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Directors consider that the Finance Lease Arrangement enables the Group to further optimize its cash flows and extend the Group's financing channels. The proceeds from the Finance Lease Arrangement will be used for the general working capital of the Group.

The terms of the Finance Lease Agreement have been agreed after arm's length negotiations between the relevant parties. The Directors consider that the terms of the Finance Lease Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE EQUIPMENT

The Equipment comprises four production lines for the production of photovoltaic modules at the production base of the Lessee situated in Jiangsu Province, the PRC, with a total net book value of approximately RMB58,325,000 as at 31 August 2022.

The Lessee shall bear any maintenance, taxation and other costs and levies associated with the Equipment under the Finance Lease Agreement.

INFORMATION OF THE PARTIES

The Group

The Group is principally engaged in (i) the manufacture and trading of, and the provision of processing services for, monocrystalline silicon ingots and wafers, (ii) the manufacture and trading of photovoltaic module business, (iii) the construction and operation of photovoltaic power systems and (iv) semiconductor business.

Jiangsu Yueyang

Jiangsu Yueyang is a limited liability company established in the PRC, and a non-wholly owned subsidiary of the Company as at the date of this announcement. As at the date of this announcement, Jiangsu Yueyang is owned as to approximately 63.50% by Jinzhou Yangguang (an indirect wholly-owned subsidiary of the Company), and hence an indirect non-wholly owned subsidiary of the Company. Jiangsu Yueyang is principally engaged in photovoltaic technology development, consulting, communication, transfer, promotion, and solar energy storage materials and modules manufacturing.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquires, apart from the Company which indirectly owned approximately 63.50% of the shareholding in Jiangsu Yueyang, the remaining shareholders of Jiangsu Yueyang are as follows:

Name of remaining shareholders of Jiangsu Yueyang	Shareholding % in Jiangsu Yueyang
Jack Win Investment Holdings Limited ^(Note 1) (“Jack Win”)	13.76
Jianhu Hongchuang Emerging Industry Fund* (建湖縣宏創新興產業基金) ^(Note 2) (“Jianhu Hongchuang”)	12.43
Wintek International Corp. (文特客國際集團公司) ^(Note 3)	8.72
Jianhu High-tech Investment Development Co., Ltd.* (建湖縣高新投資發展有限公司) ^(Note 4)	<u>1.59</u>
Total	<u><u>36.50</u></u>

Notes:

1. The sole shareholder of Jack Win is Mr. Chan Koon Bui.
2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of Jianhu Hongchuang is Jianhu County State-owned Assets Investment Management Co., Ltd.* (建湖縣國有資產投資管理有限公司), which is under the management of the Jianhu County People's Government* (建湖縣人民政府).
3. The sole shareholder of Wintek International Corp. is Mr. Wang Tai Yuan.

4. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of Jianhu High-tech Investment Development Co., Ltd.* (建湖縣高新投資發展有限公司) is the Jianhu County People's Government* (建湖縣人民政府).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, all of the remaining shareholders of Jiangsu Yueyang are Independent Third Parties, except that Jack Win and Jianhu Hongchuang are connected persons at subsidiary level for being substantial shareholders of Jiangsu Yueyang.

Jinzhou Yangguang

Jinzhou Yangguang is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Jinzhou Yangguang is principally engaged in manufacturing and trading of photovoltaic modules.

The Lessor

The Lessor is a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1601). The Lessor is a finance lease company serving technology and new economy companies in the PRC. The Lessor offers finance lease solutions and a variety of advisory services to satisfy technology and new economy companies' needs for financial services. The Lessor's finance lease solutions primarily take the form of direct lease and sale-and-leaseback. The Lessor also delivers a variety of advisory services, including policy advisory and management and business consulting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratio (as defined in the Listing Rules) in respect of the Finance Lease Agreement exceeds 5% but does not exceed 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but not subject to the circular and Shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Board”	the board of Directors;
“Company”	Solargiga Energy Holdings Limited (陽光能源控股有限公司) (stock code: 757), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	director(s) of the Company;
“Equipment”	four production lines for production of photovoltaic modules to be leased back by the Lessor to the Lessee under the Finance Lease Agreement, details of which are set out in the paragraph headed “Information on the Equipment” in this announcement;
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessee and the Lessor on 5 December 2022 for lease of the Equipment by the Lessor to the Lessee;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party who is independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules);
“Jiangsu Yueyang” or “Lessee”	Jiangsu Yueyang Photovoltaic Technology Co., Ltd. (江蘇悅陽光伏科技有限公司), a limited liability company established in the PRC, and directly owned as to approximately 63.50% by Jinzhou Yangguang and an indirect non-wholly owned subsidiary of the Company;
“Jinzhou Yangguang”	Jinzhou Yangguang Energy Co., Ltd* (錦州陽光能源有限公司), a limited liability company established in the PRC, which is indirectly wholly-owned by the Company as at the date of this announcement;

“Lessor”	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1601);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By Order of the Board
Solargiga Energy Holdings Limited
Tan Wenhua
Chairman

Hong Kong, 5 December 2022

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 Dr. Wong Wing Kuen, Albert, Ms. Chung Wai Hang and Ms. Tan Ying.

** For identification purposes only*