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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 ARRANGEMENT**

On 30 October 2023, Jiangsu Yueyang (an indirectly wholly-owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement, pursuant to which (i) the Lessor shall purchase the Equipment from Jiangsu Yueyang at a total consideration of RMB32,500,000, and (ii) the Lessor agreed to lease the Equipment back to Jiangsu Yueyang for a lease term of 24 months.

As disclosed in the Previous Announcement, the Lessees also entered into the Previous Finance Lease Arrangement with Lessor in the past 12 months. For further information on the Previous Finance Lease Arrangement, please refer to the Previous Announcement.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Finance Lease Arrangement are more than 5% but less than 25%, the entering into of the Finance Lease Arrangement, on a standalone basis, constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Since the contractual parties to the Previous Finance Lease Arrangement and the Finance Lease Arrangement are the same and are all entered into within a 12-month period, the Previous Finance Lease Arrangement and the Finance Lease Arrangement are required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. For further details of the Previous Finance Lease Arrangement, please refer to the Previous Announcement.

The entering into of the Previous Finance Lease Arrangement and the Finance Lease Arrangement, on an aggregated basis, does not trigger a classification higher than a discloseable transaction under Chapter 14 of the Listing Rules.

## THE FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that, on 30 October 2023, Jiangsu Yueyang (an indirectly wholly-owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement, pursuant to which (i) the Lessor shall purchase the Equipment from Jiangsu Yueyang at the consideration of RMB32,500,000, 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 Arrangement:

### (a) Principal terms of the Transfer Agreement

Date	30 October 2023
Parties	(i) Jiangsu Yueyang (as the vendor); and (ii) International Far Eastern Leasing Co., Ltd.* (遠東國際融資租賃有限公司) (as the purchaser)
Subject assets	the Equipment
Consideration of the subject assets payable by the Lessor to Jiangsu Yueyang	RMB32,500,000
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 book value of the Equipment and its status and condition.
Manner of payment of consideration	The Lessor shall pay the consideration of RMB32,500,000 in two instalments in the following manner: (i) the first instalment of RMB30,000,000 shall be payable by the Lessor to Jiangsu Yueyang within seven business days after all customary conditions to payment under the Transfer Agreement have been fulfilled; and (ii) the second instalment of RMB2,500,000 shall be payable by the Lessor to Jiangsu Yueyang within seven business days after (a) all customary conditions to payment under the Transfer Agreement have been fulfilled; and (b) Jiangsu Yueyang has paid the security deposit and any other sum payable in accordance with the Leaseback Agreement.

**(b) Principal terms of the Leaseback Agreement**

Date	30 October 2023
Parties	(i) Jiangsu Yueyang (as the Lessee); and (ii) International Far Eastern Leasing Co., Ltd.* (遠東國際融資租賃有限公司) (as the Lessor)
Assets to be leased	The Equipment
Lease term	The lease term of the Equipment is 24 months commencing from the date on which the Lessor pays the first instalment of the consideration in the sum of RMB30,000,000 for the Equipment in accordance with the Transfer Agreement.
Aggregate lease payment	<p>Pursuant to the Leaseback Agreement, the principal lease amount payable by Jiangsu Yueyang to the Lessor shall be RMB32,500,000 (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 RMB2,232,000 (inclusive of value-added tax). The aggregate lease interest payment is calculated based on a fixed interest rate of approximately 6% per annum.</p> <p>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 three month after the commencement date of the lease term; and (ii) each of the remaining instalments payable every three months thereafter.</p> <p>The principal lease amount and lease interest under the Leaseback Agreement were determined after arm's length negotiations between the parties to the Leaseback Agreement with reference to the Lessor's purchase cost of the Equipment and the prevailing market interest rate for finance lease of comparable equipment.</p>

Security deposit	RMB2,500,000, (bearing nil interests) payable by Jiangsu Yueyang to the Lessor within three business days after the commencement date of the lease term. The security deposit will be used to offset any amounts due and payable by Jiangsu Yueyang to the Lessor under the Leaseback Agreement. After the deduction of any instalment(s) of due lease payment and other payable amount under the Leaseback Agreement, the Lessor will refund Jiangsu Yueyang the remaining amount (if any).
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 Leaseback Agreement, upon the expiry of the lease term, Jiangsu Yueyang is entitled to repurchase the Equipment at a nominal consideration of RMB100.
Guarantee	<p>Pursuant to the Leaseback Agreement:</p> <p>(i) Each of Mr. Tan Wenhua (Chairman of the Board, an Executive Director and a substantial shareholder of the Company), Ms. Zhao Xiuqin (the spouse of Mr. Tan Wenhua) and Mr. Tan Xin (chief executive officer of the Group and an executive Director) shall provide a joint and several liability guarantee for the due and punctual performance of Jiangsu Yueyang's obligations under the Leaseback Agreement; and</p> <p>(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 Leaseback Agreement.</p>

## **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 2023.

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

## **INFORMATION OF THE EQUIPMENT**

The Equipment comprises production equipment for the production of photovoltaic modules at the production base of Jiangsu Yueyang situated in Jiangsu Province, PRC, with a total book value of approximately RMB33,047,000 as at 30 September 2023.

## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is principally engaged in (i) the manufacturing and trading of photovoltaic module business, (ii) the construction and operation of photovoltaic power systems and (iii) semiconductor business.

### ***Jiangsu Yueyang***

Jiangsu Yueyang is a limited liability company established in the PRC, and an indirectly wholly owned subsidiary of the Company as at the date of this announcement. Jiangsu Yueyang is principally engaged in photovoltaic technology development, consulting, communication, transfer, promotion, and solar energy storage materials and modules manufacturing.

### ***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 limited liability company incorporated in the PRC on 13 September 1991 and a direct wholly-owned subsidiary of Far East Horizon Limited, the shares of which are listed on the Stock Exchange (stock code: 3360). The Lessor is mainly engaged in the provision of integrated financial solutions built around finance leases and relevant commercial factoring business in the PRC.

Far East Horizon Limited together with its subsidiaries provide integrated finance, investment, trade, advisory and engineering services in healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics, urban public utility as well as other fundamental sectors.

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**

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Finance Lease Arrangement are more than 5% but less than 25%, the entering into of the Finance Lease Arrangement, on a standalone basis, constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Since the contractual parties to the Previous Finance Lease Arrangement and the Finance Lease Arrangement are the same and are all entered into within a 12-month period, the Previous Finance Lease Arrangement and the Finance Lease Arrangement are required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. For further details of the Previous Finance Lease Arrangement, please refer to the Previous Announcement.

The entering into of the Previous Finance Lease Arrangement and the Finance Lease Arrangement, on an aggregated basis, does not trigger a classification higher than a discloseable transaction under Chapter 14 of the Listing Rules.

## **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”	production equipment for the production of photovoltaic modules to be leased back by the Lessor to the Lessee under the Leaseback Agreement, details of which are set out in the paragraph headed “Information of the Equipment” in this announcement;
“Finance Lease Arrangement”	the transactions contemplated under the Transfer Agreement and the Leaseback 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, which is indirectly wholly-owned by the Company as at the date of this announcement;
“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;
“Leaseback Agreement”	the Leaseback Agreement entered into between the Lessee and the Lessor on 30 October 2023 for lease of the Equipment by the Lessor to the Lessee;
“Lessor”	International Far Eastern Leasing Co., Ltd.* (遠東國際融資租賃有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Far East Horizon Limited, the shares of which are listed on Stock Exchange (stock code: 3360);
“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;

“Previous Announcement”	the announcement of the Company dated 22 February 2023 in respect of the entering into of the Previous Finance Lease Arrangement;
“Previous Finance Lease Arrangement”	the transactions contemplated under the transfer agreement and the leaseback agreement dated 22 February 2023 entered into between the Lessor and the Lessee, the details of which have been disclosed in the Previous 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;
“Transfer Agreement”	the transfer agreement entered into between the Lessor and the Lessee dated 30 October 2023 in relation to the sale and purchase of the Equipment; and
“%”	per cent.

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

Hong Kong, 30 October 2023

*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*