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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 ARRANGEMENTS

On 9 June 2023, Jiangsu Yueyang (a non wholly-owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement II, pursuant to which (i) the Lessor shall purchase the Equipment II from Jiangsu Yueyang at a total consideration of RMB12,000,000, and (ii) the Lessor agreed to lease the Equipment II back to Jiangsu Yueyang for a lease term of 24 months.

Within the past twelve months, on 28 April 2023, Jiangsu Yueyang (a non wholly-owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement I, pursuant to which (i) the Lessor shall purchase the Equipment I from Jiangsu Yueyang at a total consideration of RMB30,000,000, and (ii) the Lessor agreed to lease the Equipment I back to Jiangsu Yueyang for a lease term of 24 months.

As the transactions under the Finance Lease Arrangements were entered into with the same party during the 12-month period, according to Rule 14.22 of the Listing Rules, the transactions contemplated thereunder shall be aggregated as a series of transactions. Although none of the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Finance Lease Arrangement I and the Finance Lease Arrangement II on an individual basis exceeds 5%, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Finance Lease Arrangement II upon aggregation with the Finance Lease Arrangement I is higher than 5% but less than 25%, the transactions contemplated under the Finance Lease Arrangement II constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE FINANCE LEASE ARRANGEMENTS

The Board is pleased to announce that, on 9 June 2023, Jiangsu Yueyang (a non wholly-owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement II, pursuant to which (i) the Lessor shall purchase the Equipment II from Jiangsu Yueyang at the consideration of RMB12,000,000, and (ii) the Lessor agreed to lease the Equipment II back to Jiangsu Yueyang for a lease term of 24 months.

Within the past twelve months, on 28 April, 2023, Jiangsu Yueyang (a non wholly-owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement I, pursuant to which (i) the Lessor shall purchase the Equipment I from Jiangsu Yueyang at the consideration of RMB30,000,000, and (ii) the Lessor agreed to lease the Equipment I back to Jiangsu Yueyang for a lease term of 24 months.

Set out below are details of the Finance Lease Arrangement I:

(a) Principal terms of the Transfer Agreement I

Date	28 April 2023
Parties	(i) Jiangsu Yueyang (as the vendor); and (ii) Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司) (as the purchaser)
Subject assets	the Equipment I
Consideration of the subject assets payable by the Lessor to Jiangsu Yueyang	RMB30,000,000
Basis of determination of consideration of the subject assets	The consideration of the Equipment I was determined after arms' length negotiations between the Lessor and Jiangsu Yueyang with reference to the book value of the Equipment I and its status and condition.
Manner of payment of consideration	The Lessor shall pay the amount of RMB29,286,000, being the consideration of the Equipment I of RMB30,000,000 less the security deposit of RMB714,000 payable by Jiangsu Yueyang to the Lessor under the Leaseback Agreement I, to Jiangsu Yueyang within thirty business days after all customary conditions to payment under the Transfer Agreement I having been fulfilled.

(b) Principal terms of the Leaseback Agreement I

Date	28 April 2023
Parties	(i) Jiangsu Yueyang (as the Lessee); and (ii) Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司) (as the Lessor)
Assets to be leased	The Equipment I
Lease term	The lease term of the Equipment I is 24 months commencing from the date on which the Lessor pays the consideration in full for the Equipment I in accordance with the Transfer Agreement I.
Aggregate lease payment	Pursuant to the Leaseback Agreement I, the principal lease amount payable by Jiangsu Yueyang to the Lessor shall be RMB30,000,000 (i.e. 100% of the total consideration of the Equipment I). Jiangsu Yueyang shall also pay to the Lessor an aggregate lease interest payment of approximately RMB1,564,617 (inclusive of value-added tax). The aggregate lease interest payment is calculated based on a fixed interest rate of approximately 5% 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 to seventh instalments payable every three months after the commencement date of the lease term; and (ii) the last instalment payable on the last day of the lease term.

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

Security deposit	RMB714,000, (bearing nil interests) payable within five days after the entering into of the Leaseback Agreement I. After deducting any outstanding amount due and payable by Jiangsu Yueyang to the Lessor in accordance with the Leaseback Agreement I, the security deposit will be used to offset the last instalment of lease payment.
Consultancy Fee	<p>The Lessor and Jiangsu Yueyang have entered into the Consultancy Service Agreement I, pursuant to which Jiangsu Yueyang shall pay to the Lessor a consultancy fee of RMB726,000 within five business days after the entering into of the Consultancy Service Agreement I for the provision of consultation services, including but not limited to consultation on the leasing transaction structure of the Finance Lease Arrangement I.</p> <p>The terms of the Consultancy Service Agreement I, including the consultancy fee, 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.</p>
Ownership of the Equipment I	During the lease term, the ownership of the Equipment I shall be vested in the Lessor. If Jiangsu Yueyang has properly and fully performed all obligations under the Leaseback Agreement I, upon the expiry of the lease term, Jiangsu Yueyang is entitled to repurchase the Equipment I at a nominal consideration of RMB100.
Guarantee	<p>Pursuant to the Leaseback Agreement I:</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 I; and</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 I.

Set out below are details of the Finance Lease Arrangement II:

(a) Principal terms of the Transfer Agreement II

Date	9 June 2023
Parties	(i) Jiangsu Yueyang (as the vendor); and (ii) Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司) (as the purchaser)
Subject assets	the Equipment II
Consideration of the subject assets payable by the Lessor to Jiangsu Yueyang	RMB12,000,000
Basis of determination of consideration of the subject assets	The consideration of the Equipment II was determined after arms' length negotiations between the Lessor and Jiangsu Yueyang with reference to the book value of the Equipment II and its status and condition.
Manner of payment of consideration	The Lessor shall pay the amount of RMB11,714,000, being the consideration of the Equipment II of RMB12,000,000 less the security deposit of RMB286,000 payable by Jiangsu Yueyang to the Lessor under the Leaseback Agreement II, to Jiangsu Yueyang within thirty business days after all customary conditions to payment under the Transfer Agreement II having been fulfilled.

(b) Principal terms of the Leaseback Agreement II

Date	9 June 2023
Parties	(i) Jiangsu Yueyang (as the Lessee); and

(ii) Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司) (as the Lessor)

Assets to be leased	The Equipment II
Lease term	The lease term of the Equipment II is 24 months commencing from the date on which the Lessor pays the consideration in full for the Equipment II in accordance with the Transfer Agreement II.
Aggregate lease payment	<p>Pursuant to the Leaseback Agreement II, the principal lease amount payable by Jiangsu Yueyang to the Lessor shall be RMB12,000,000 (i.e. 100% of the total consideration of the Equipment II). Jiangsu Yueyang shall also pay to the Lessor an aggregate lease interest payment of approximately RMB625,383 (inclusive of value-added tax). The aggregate lease interest payment is calculated based on a fixed interest rate of approximately 5% 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 to seventh instalments payable three months after the commencement date of the lease term; and (ii) the last instalment payable on the last day of the lease term.</p> <p>The principal lease amount and lease interest under the Leaseback Agreement II were determined after arm's length negotiations between the parties to the Leaseback Agreement II with reference to the Lessor's purchase cost of the Equipment II and the prevailing market interest rate for finance lease of comparable equipment.</p>
Security deposit	RMB286,000, (bearing nil interests) payable within five days after the entering into of the Leaseback Agreement II. After deducting any outstanding amount due and payable by Jiangsu Yueyang to the Lessor in accordance with the Leaseback Agreement II, the security deposit will be used to offset the last instalment of lease payment.

Consultancy Fee	<p>The Lessor and Jiangsu Yueyang have entered into the Consultancy Service Agreement II, pursuant to which Jiangsu Yueyang shall pay to the Lessor a consultancy fee of RMB324,000 within five business days after the entering into of the Consultancy Service Agreement II for the provision of consultation services, including but not limited to consultation on the leasing transaction structure of the Finance Lease Arrangement II.</p> <p>The terms of the Consultancy Service Agreement II, including the consultancy fee, 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.</p>
Ownership of the Equipment II	<p>During the lease term, the ownership of the Equipment II shall be vested in the Lessor. If Jiangsu Yueyang has properly and fully performed all obligations under the Leaseback Agreement II, upon the expiry of the lease term, Jiangsu Yueyang is entitled to repurchase the Equipment II at a nominal consideration of RMB100.</p>
Guarantee	<p>Pursuant to the Leaseback Agreement II:</p> <ul style="list-style-type: none"> (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 II; 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 Leaseback Agreement II.

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENTS

It is expected that according to the Hong Kong Financial Reporting Standards, the Finance Lease Arrangements 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 ARRANGEMENTS

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

The terms of the Finance Lease Arrangements have been agreed after arm's length negotiations between the relevant parties. The Directors consider that the terms of the Finance Lease Arrangements 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 I AND EQUIPMENT II

The Equipment I comprises production equipment for the production of photovoltaic modules at the production base of Jiangsu Yueyang situated in Jiangsu Province, PRC, with a total net book value of approximately RMB30,420,000 as of 31 March 2023.

The Equipment II comprises production equipment for the production of photovoltaic modules at the production base of Jiangsu Yueyang situated in Jiangsu Province, PRC, with a total net book value of approximately RMB12,292,000 as of 30 April 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 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 indirectly owned as to approximately 77.52% by 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 77.52% 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
Wintek International Corp. (文特客國際集團公司) ^(Note 2)	<u>8.72</u>
Total	<u><u>22.48</u></u>

Notes:

1. The sole shareholder of Jack Win is Mr. Chan Koon Bui.
2. The sole shareholder of Wintek International Corp. is Mr. Wang Tai Yuan.

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 is a connected person at subsidiary level for being a substantial shareholder 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 Haitong Unitrust International Financial Leasing Co., Ltd., a company incorporated in the PRC on 9 July 2004 and the shares of which are listed on the Stock Exchange (stock code: 1905) on 3 June 2019. The Lessor is principally engaged in the provision of financing services, advisory services and other services to its customers under finance lease arrangements, operating lease arrangements and others.

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 the transactions under the Finance Lease Arrangements were entered into with the same party during the 12-month period, according to Rule 14.22 of the Listing Rules, the transactions contemplated thereunder shall be aggregated as a series of transactions. Although none of the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Finance Lease Arrangement I and the Finance Lease Arrangement II on an individual basis exceeds 5%, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Finance Lease Arrangement II upon aggregation with the Finance Lease Arrangement I is higher than 5% but less than 25%, the transactions contemplated under the Finance Lease Arrangement II constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements 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;
“Consultancy Service Agreement I”	the consultancy service agreement entered into between the Lessor and the Lessee dated 28 April 2023 in relation to Finance Lease Arrangement I;
“Consultancy Service Agreement II”	the consultancy service agreement entered into between the Lessor and the Lessee dated 9 June 2023 in relation to Finance Lease Arrangement II;
“Director(s)”	director(s) of the Company;
“Equipment I”	production equipment for the production of photovoltaic modules to be leased back by the Lessor to the Lessee under the Leaseback Agreement I, details of which are set out in the paragraph headed “Information of the Equipment I and Equipment II” in this announcement;
“Equipment II”	production equipment for the production of photovoltaic modules to be leased back by the Lessor to the Lessee under the Leaseback Agreement II, details of which are set out in the paragraph headed “Information of the Equipment I and Equipment II” in this announcement;

“Finance Lease Arrangement I”	the transactions contemplated under the Transfer Agreement I, the Leaseback Agreement I and the Consultancy Service Agreement I;
“Finance Lease Arrangement II”	the transactions contemplated under the Transfer Agreement II, the Leaseback Agreement II, and the Consultancy Service Agreement II;
“Finance Lease Arrangements”	collectively, the Finance Lease Arrangement I and the Finance Lease Arrangement II;
“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 indirectly owned as to approximately 77.52% by the Company 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;
“Leaseback Agreement I”	the Leaseback Agreement entered into between the Lessee and the Lessor on 28 April 2023 for lease of the Equipment I by the Lessor to the Lessee;
“Leaseback Agreement II”	the Leaseback Agreement entered into between the Lessee and the Lessor on 9 June 2023 for lease of the Equipment II by the Lessor to the Lessee;
“Lessor”	Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司), a joint stock company incorporated in the PRC and the shares of which are listed on Stock Exchange (stock code: 1905);
“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;
“Transfer Agreement I”	the transfer agreement entered into between the Lessor and the lessee dated 28 April 2023 in relation to the sale and purchase of the Equipment I;
“Transfer Agreement II”	the transfer agreement entered into between the Lessor and the Lessee dated 9 June 2023 in relation to the sale and purchase of the Equipment II; and
“%”	per cent.

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

Hong Kong, 9 June 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*