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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 5 September 2022, Qujing Yangguang (a non wholly-owned subsidiary of the Company), the Vendor and the Financier entered into the Finance Lease Arrangement, pursuant to which (i) the Financier agreed to purchase the Equipment from the Vendor at the consideration of RMB76,800,000, and (ii) the Financier agreed to lease the Equipment to Qujing Yangguang for a lease term of 30 months.

Since one of the applicable percentage ratio (as defined in the Listing Rules) in respect of the Finance Lease Arrangement based on the value of the right-of-use assets recognised by the Group exceeds 5% but does not exceed 25%, the Finance Lease Arrangement 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 ARRANGEMENT**

The Board is pleased to announce that, on 5 September 2022, Qujing Yangguang (a non wholly-owned subsidiary of the Company), the Vendor and the Financier entered into the Finance Lease Arrangement, pursuant to which (i) the Financier agreed to purchase the Equipment from the Vendor at the consideration of RMB76,800,000, and (ii) the Financier agreed to lease the Equipment to Qujing Yangguang for a lease term of 30 months. The Group recognised the Equipment as right-of-use assets in the financial statements in accordance with the Hong Kong Financial Reporting Standards.

Set out below are details of the Finance Lease Arrangement:

**(a) Principal terms of the Sale and Purchase Agreement**

Date	5 September 2022
Parties	(i) Qujing Yangguang (as the Lessee); (ii) Zhejiang Zheyin Financial Leasing Co., Ltd* (浙江浙銀金融租賃股份有限公司) (as the Financier and the Purchaser); and (iii) Xi'an Chuanglian New Energy Equipment Co., Ltd* (西安創聯新能源設備有限公司) (as the Vendor)
Subject assets	the Equipment
Consideration of the subject assets payable to the Vendor	RMB76,800,000
Basis of determination of consideration of the subject assets	The consideration of the Equipment was determined after arms' length negotiations between parties to the Sale and Purchase Agreement with reference to the prevailing market price of the Equipment.
Manner of payment of consideration	Pursuant to the Sale and Purchase Agreement, the Equipment will be delivered in one shipment to the business address of the Lessee. Upon all conditions as set out in the paragraph headed "Conditions to payment" below in this announcement having been fulfilled, the Financier shall pay the consideration RMB76,800,000 in a lump sum to the Vendor within 15 business days.
Conditions to payment	Set out below is a summary of the key conditions to payment:  (1) the Sale and Purchase Agreement and the Finance Lease Agreement having become effective;

- (2) the necessary approvals, authorisations and consents in relation to the execution and performance of the Sale and Purchase Agreement and the Finance Lease Agreement on the part of the Lessee having been obtained in accordance with the relevant laws or constitution of the Lessee, and disclosure of the Finance Lease Arrangement having been made in accordance with the relevant rules and regulations;
- (3) the Financier having received the risk deposit and any other amount payable (if any) under the Finance Lease Agreement from the Lessee;
- (4) the Financier having received the relevant guarantee documents and other legal documents (if any) in relation to the Finance Lease Agreement (the “**Guarantee Documents**”);
- (5) relevant registration documents in relation to the Guarantee Documents having been registered, if so required by law or under the Finance Lease Agreement;
- (6) the Financier having received the payment notice jointly issued by the Vendor and the Lessee, under which (i) the Financier is notified of the delivery of the Equipment to the Lessee; and (ii) the Financier is demanded to pay the consideration to the Vendor;
- (7) as at the date of payment of the consideration, the Lessee having not breached the terms of the Finance Lease Agreement; and
- (8) all other conditions to payment of the consideration under the Sale and Purchase Agreement and the Finance Lease Agreement (if any) having been fulfilled.

**(b) Principal terms of the Finance Lease Agreement**

Date	5 September 2022
Parties	(i) Qujing Yangguang (as the Lessee); and (ii) Zhejiang Zheyin Financial Leasing Co., Ltd.* (浙江浙銀金融租賃股份有限公司) (as the Financier)
Assets to be leased	the Equipment

Aggregate lease  
payment

Pursuant to the Finance Lease Agreement, the principal lease amount payable by Qujing Yangguang to the Financier shall be RMB76,800,000 (i.e. 100% of the total consideration of the Equipment under the Sale and Purchase Agreement). Qujing Yangguang shall also pay to the Financier an estimated aggregate lease interest payment of approximately RMB6,469,691.40. The estimated aggregate lease interest payment is calculated based on a fixed interest rate of 5.90% per annum (equivalent to the one-year loan prime rate (LPR) + 220 basis points (BP) issued by the National Interbank Funding Center in June 2022). During the lease term, both parties will monitor the loan prime rate (LPR) on a quarterly basis, and where there is a significant change to LPR, both parties may re-negotiate the rate of lease interest.

The principal lease amount and the estimated aggregate interest shall be payable by Qujing Yangguang to the Financier in 10 instalments, with (i) the first instalment payable three months after the date on which the Financier pays the consideration for the Equipment in accordance with the Sale and Purchase Agreement, and (ii) the remaining instalments payable every three months thereafter.

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 principal amount of the lease, the prevailing market interest rate for finance lease of comparable equipment.

Lease term

The lease term of the Equipment is 30 months commencing from the date on which the Financier pays the consideration for the Equipment in accordance with the Sale and Purchase Agreement.

Risk deposit payable by the Lessee to the Financier RMB3,072,000, payable by the Lessee to the Financier in one lump sum upon the Finance Lease Agreement having become effective but before the date on which the Financier pays the consideration for the Equipment in accordance with the Sale and Purchase Agreement. The risk deposit will be used to offset any amounts due or payable by the Lessee to the Financier under the Finance Lease Agreement. If the Lessee has not breached any terms of the Finance Lease Agreement, the risk deposit shall be refunded to the Lessee within five days after the end of the lease term.

Guarantee The following guarantee and security shall be provided to the Financier 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 Mr. Tan Xin (an executive Director) shall provide a joint and several liability guarantee under the Personal Guarantees for the due and punctual performance of the Lessee's obligations under the Finance Lease Agreement; and
- (ii) Jinzhou Yangguang shall provide a joint and several liability guarantee under the Corporate Guarantee for the due and punctual performance of the Lessee's obligations under the Finance Lease Agreement; and
- (iii) The Lessee, the Financier and the Vendor shall enter into the Repurchase Agreement, pursuant to which the Financier may request the Vendor to repurchase the Equipment from the Financier if (i) the Lessee fails to fulfil its payment obligation under the Finance Lease Agreement, (ii) the Financier terminates the Finance Lease Agreement and demands delivery of the Equipment as a result of a breach of the Finance Lease Agreement on the part of the Lessee; (iii) the Finance Lease Agreement is determined by the judicial authorities to be unenforceable (in whole or in part) and the Financier demands delivery of the Equipment; and (iv) the occurrence of any other events which, pursuant to the relevant laws and regulations or the Finance Lease Agreement, would entitle the Financier to demand delivery of the Equipment.

Legal ownership of the equipment	The legal ownership of the Equipment will be vested in the Financier throughout the lease term. The Lessee may choose to purchase the equipment upon the expiry of the lease term or early termination of the Finance Lease Agreement, subject to the Lessee having settled all the lease payments and any other payables under the Finance Lease Agreement and without any event of default.
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## **THE RIGHT-OF-USE ASSETS IN RESPECT TO THE FINANCE LEASE ARRANGEMENT**

In accordance with Hong Kong Financial Reporting Standards 16, the Group is required to recognise the leasing of the Equipment as right-of-use assets, and as a result, the entry into of the Finance Lease Arrangement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The value of the right-of-use assets to be recognised by the Group in its consolidated financial statements under the Finance Lease Arrangement is approximately RMB76,800,000, which is calculated based on the aggregated present values of lease payments discounted using the interest rate implicit in the lease, with initial direct costs incurred and lease payments made at or before the commencement date.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT**

The production base of Qujing Yangguang, which mainly produce low-cost high-efficiency monocrystalline silicon ingots and wafers, is located in Yunan Province, the PRC. The Finance Lease Arrangement is entered to further expand the equipment fleet for the production of monocrystalline silicon ingots.

The Directors consider that the Finance Lease Arrangement enables the Group to reduce its initial cash outflow and retain more financial resources for its operations. 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 ON THE EQUIPMENT**

The Equipment comprises mono-silicon furnaces for the production of monocrystalline silicon ingots at the production base of the Lessee situated in Yunan Province, the PRC.

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

## 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.

### Qujing Yangguang

Qujing Yangguang is a joint stock limited 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, Qujing Yangguang is owned as to approximately 53.70% by Jinzhou Yangguang (an indirect wholly-owned subsidiary of the Company), and hence an indirect non-wholly owned subsidiary of the Company. Qujing Yangguang is principally engaged in the manufacture and trading of, and the provision of processing services for, monocrystalline ingots and wafers.

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 53.70% of the shareholding in Qujing Yangguang, the remaining shareholders of Qujing Yangguang are as follows:

Name of remaining shareholders	Shareholding % in Qujing Yangguang	Number of shareholders of each remaining shareholder <i>(Note 1)</i>
Jack Win Investment Holdings Limited	15.34%	1 <i>(Note 2)</i>
626 Investments Holdings Limited	5.85%	1 <i>(Note 3)</i>
Jinzhou Xiaojuren Investment Centre (Limited Partnership)* (“ <b>Jinzhou Xiaojuren</b> ”) 錦州小巨人投資中心(有限合夥)	5.52%	16
Qujing Shengyuan Enterprise Management Consulting Center (Limited Partnership)* 曲靖聖元企業管理諮詢中心(有限合夥)	4.45%	8
Qujing Tenghui Enterprise Management Consulting Center (Limited Partnership)* (“ <b>Qujing Tenghui</b> ”) 曲靖騰輝企業管理諮詢中心(有限合夥)	3.74%	47
Qujing Ruichi Enterprise Management Consulting Center (Limited Partnership)* (“ <b>Qujing Ruichi</b> ”) 曲靖瑞馳企業管理諮詢中心(有限合夥)	3.65%	6

Name of remaining shareholders	Shareholding % in Qujing Yangguang	Number of shareholders of each remaining shareholder <i>(Note 1)</i>
Qujing Jiuhong Enterprise Management Consulting Center (Limited Partnership)* (“ <b>Qujing Jiuhong</b> ”) 曲靖久弘企業管理諮詢中心(有限合夥)	2.42%	11
Qujing Boyuan Enterprise Management Consulting Center (Limited Partnership)* (“ <b>Qujing Boyuan</b> ”) 曲靖博遠企業管理諮詢中心(有限合夥)	2.35%	48
Qujing Hongtai Enterprise Management Consulting Center (Limited Partnership)* 曲靖宏泰企業管理諮詢中心(有限合夥)	1.33%	27
Qujing Hongsheng Enterprise Management Consulting Center (Limited Partnership)* 曲靖宏晟企業管理諮詢中心(有限合夥)	0.83%	20
Qujing Hongyuan Enterprise Management Consulting Center (Limited Partnership)* 曲靖宏遠企業管理諮詢中心(有限合夥)	0.82%	19
<b>Total</b>	<b>46.30%</b>	<b>204</b>

*Notes:*

1. Certain number of these shareholders have shareholdings in multiple remaining shareholders. However, none of these overlapping shareholders can exert majority control in more than one remaining shareholder.
2. The sole shareholder of Jack Win Investment Holdings Limited is Mr. Chan Koon Biu.
3. The sole shareholder of 626 Investments Holdings Limited is Mr. Tam Wing Keung.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, save for (i) Ms. Feng Wenli, a former independent non-executive director of the Company who resigned on 11 July 2022, who held 1.30% shareholding in Qujing Tenghui; (ii) Mr. Tan Wenge, brother of Mr. Tan Wenhua (chairman of the Board), who held 1.90% shareholding in Jinzhou Xiaojuren and 4.76% shareholding in Qujing Boyuan; (iii) Mr. Tan Wenxiang, brother of Mr. Tan Wenhua (chairman of the Board), who held 5.03% shareholding in Qujing Jiuhong; (iv) Ms. Tan Juan, niece of Mr. Tan Wenhua (chairman of the Board) and daughter of Mr. Tan Wenxiang, who held 6.00% shareholding in Qujing Ruichi; and (v) Ms. Wang Jing, niece of Mr. Tan Wenhua (chairman of the Board), who held 1.30% shareholding in Qujing Tenghui as at the date of this announcement, all of the remaining shareholders are Independent Third Parties.



## ***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.

### **The Vendor**

The Vendor is a specialized manufacturer of mono-silicon furnace equipment, mainly specializing in the production of mono-silicon furnaces and is a high-tech enterprise integrating design and development, production and sales service. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

### **The Financier**

The Financier is principally engaged in financial leasing, leasing, purchase and assignment of leased property from domestic and overseas sellers, treatment of residual value of and maintenance of leased property, consultation on leasing transactions, operational leasing and business factoring related to its principal business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Financier and its ultimate beneficial owners is an Independent Third Party.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Financier is owned as to 51% by China Zheshang Bank Co., Ltd., a joint stock company incorporated in the PRC with limited liability and listed on the Stock Exchange (stock code: 2016), 29% by Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司) and 20% by Zhoushan Marine Comprehensive Development and Investment Co., Ltd.\* (舟山海洋綜合開發投資有限公司). Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司) is wholly-owned by Zhejiang Provincial Department of Finance, a PRC governmental body; whereas the State-owned Asset Supervision and Administration Commission of Zhoushan\* (舟山市國有資產監督管理委員會), a PRC governmental body, is the majority shareholder of Zhoushan Marine Comprehensive Development and Investment Co., Ltd.\* (舟山海洋綜合開發投資有限公司).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Zheshang Bank Co., Ltd. is a joint stock limited liability company established in the PRC and is principally engaged in financial business. Zhejiang Provincial Financial Holdings Co., Ltd. is a limited liability company established in the PRC and is principally engaged in the business of financial equity investment, government equity investment fund management and asset management. The State-owned Asset Supervision and Administration Commission of Zhoushan\* (舟山市國有資產監督管理委員會) is principally engaged in the investment, development, operation

and management of major projects and key infrastructures, land development and management, and investment and operation of other projects designated by the government.

## **LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratio (as defined in the Listing Rules) in respect of the Finance Lease Arrangement based on the value of the right-of-use assets recognised by the Group exceeds 5% but does not exceed 25%, the Finance Lease Arrangement 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;
“Corporate Guarantee”	the guarantee executed by Jinzhou Yangguang on 5 September 2022 in favour of the Financier pursuant to the Finance Lease Agreement;
“Director(s)”	director(s) of the Company;
“Equipment”	certain machinery and equipment for the production of monocrystalline silicon ingots to be leased by the Financier to the Lessee under the Finance Lease Agreement, details of which are set out in the paragraph headed “Information of the Equipment” in this announcement;
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessee and the Financier on 5 September 2022 for lease of the Equipment by the Financier to the Lessee;
“Finance Lease Arrangement”	the transactions contemplated under the Sale and Purchase Agreement, the Finance Lease Agreement and the Security Agreements;

“Financier” or “Purchaser”	Zhejiang Zheyin Financial Leasing Co., Ltd.* (浙江浙銀金融租賃股份有限公司), a company established in the PRC with limited liability;
“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);
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LPR”	the prime rate for a loan with a term of one year as published by the National Interbank Funding Centre (全國銀行間同業拆借中心) in the PRC from time to time;
“Personal Guarantees”	the guarantees executed by each of Mr. Tan Wenhua and Mr. Tan Xin, respectively, on 5 September 2022 in favour of the Financier pursuant to the Finance Lease Agreement;
“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;
“Qujing Yangguang” or “Lessee”	Qujing Yangguang New Energy. Co, Ltd* (曲靖陽光新能源股份有限公司, formerly known as 曲靖陽光能源硅材料有限公司), a joint stock limited company established in the PRC, and directly owned as to approximately 53.70% by Jinzhou Yangguang and an indirect non-wholly owned subsidiary of the Company;
“Repurchase Agreement”	the repurchase agreement dated 5 September 2022 entered into between the Financier, the Vendor and the Lessee;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Lessee, the Financier and the Vendor dated 5 September 2022;

“Security Agreements”	includes the Corporate Guarantee, the Personal Guarantees and the Repurchase Agreement;
“Shareholders”	the holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Xi’an Chuanglian New Energy Equipment Co., Ltd* (西安創聯新能源設備有限公司), a company established in the PRC with limited liability;
“%”	per cent.

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

Hong Kong, 5 September 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, Mr. Lian Tao and Ms. Chung Wai Hang.*

\* *For identification purposes only*