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Sargiga 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 9 March 2023, Qujing Guanghong (a non wholly-owned subsidiary of the Company), the Vendors and the Financier entered into the Finance Lease Arrangement, pursuant to which (i) Qujing Guanghong shall, on behalf of the Financier, purchase the Equipment and Relevant Facilities from the Vendors at the consideration of not more than RMB190,000,000, and (ii) the Financier agreed to lease the Equipment and Relevant Facilities to Qujing Guanghong for a term of 6 months.

Since one or more of the applicable percentage ratios (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 9 March 2023, Qujing Guanghong (a non wholly-owned subsidiary of the Company), the Vendors and the Financier entered into the Finance Lease Arrangement, pursuant to which (i) Qujing Guanghong shall, on behalf of the Financier, purchase the Equipment and Relevant Facilities from the Vendors at the consideration of not more than RMB190,000,000, and (ii) the Financier agreed to lease the Equipment and Relevant Facilities to Qujing Guanghong for a term of

Set out below are details of the Finance Lease Arrangement:

(a) Entrusted Purchase Agreement

On 9 March 2023, Qujing Guanghong and the Financier entered into the Entrusted Purchase Agreement, pursuant to which the Financier ratified and confirmed the sale and purchase arrangements under the First Agreement and the Second Agreement and entrusted Qujing Guanghong to purchase the Equipment and Relevant Facilities on behalf of the Financier.

Set out below are the principal terms of the Entrusted Purchase Agreement:

Date	9 March 2023
Parties	(i) CMB Financial Leasing Co., Ltd (as the Financier and the purchaser); and (ii) Qujing Guanghong (as the Lessee and the entrusted agent)
Subject assets	the Equipment and Relevant Facilities
Entrustment arrangement	Entrustment arrangement in relation to the First Agreement On 9 March 2023, the First Vendor, as vendor, and Qujing Guanghong, as the entrusted agent of the Financier who is the purchaser, entered into the First Agreement for the sale and purchase of the Monocrystalline Silicon Modules at the consideration of approximately RMB143,224,000. The consideration under the First Agreement was determined after arm's length negotiations between the parties thereto with reference to the prevailing market value of equipment similar to the Monocrystalline Silicon Modules. Pursuant to the Entrusted Purchase Agreement, (i) the Financier has ratified and confirmed the sale and purchase arrangement under the First Agreement, and has entrusted Qujing Guanghong to purchase and accept delivery of the Monocrystalline Silicon Modules on behalf of the Financier; and (ii) as entrusted agent of the Financier, Qujing Guanghong shall take all necessary measures to ensure that ownership of the Monocrystalline Silicon Modules is vested in the Financier.

Entrustment arrangement in relation to the Second Agreement

On 9 March 2023, the Second Vendor, as vendor, and Qujing Guanghong, as the entrusted agent of the Financier who is the purchaser, entered into the Second Agreement for the procurement of the EPC Equipment and construction of the Relevant Facilities for the Photovoltaic Project at the consideration of approximately RMB46,776,000. The consideration under the Second Agreement was determined after arm's length negotiations between the parties thereto with reference to the prevailing market rate of equipment similar to the EPC Equipment and of the construction works for the Relevant Facilities.

Pursuant to the Entrusted Purchase Agreement, (i) the Financier has ratified and confirmed the procurement and construction arrangement under the Second Agreement, and has entrusted Qujing Guanghong to purchase and accept delivery of the EPC Equipment and the Relevant Facilities on behalf of the Financier; and (ii) as entrusted agent of the Financier, Qujing Guanghong shall take all necessary measures to ensure that ownership of the EPC Equipment and the Relevant Facilities is vested in the Financier.

Conditions to payment Set out below is a summary of the key conditions to each draw-down of the Entrusted Amount to be fulfilled by Qujing Guanghong:

- (a) having delivered to the Financier the duly executed Finance Lease Agreement and other necessary documents as required under the Entrusted Purchase Agreement and the Finance Lease Agreement, including the share charge to be executed by the First Vendor in favour of the Financier and the charge to be executed by Qujing Guanghong in favour of the Financier (please refer to the paragraph headed “(b) Finance Lease Agreement — Security” below in this announcement for further details);
- (b) having provided the Financier with the value-added tax invoices issued by the Vendors in relation to the Equipment (or any part thereof);
- (c) having provided the Financier with a written confirmation issued by the designated third party consultant on the grid connection status of the Relevant Facilities (or any part thereof); and
- (d) having not breached the terms of the Entrusted Purchase Agreement and the Finance Lease Agreement.

Ownership of the subject assets Qujing Guanghong shall accept delivery of the Equipment and Relevant Facilities on the Financier’s behalf, upon which the ownership of the Equipment and Relevant Facilities shall be vested in the Financier.

(b) Finance Lease Agreement

Set out below are the principal terms of the Finance Lease Agreement:

Date 9 March 2023

Parties (i) Qujing Guanghong (as the Lessee)
(ii) CMB Financial Leasing Co., Ltd. (招商金融租賃有限公司) (as the Financier); and

Assets to be leased the Equipment and Relevant Facilities

Aggregate lease payment and other fees	<p>Pursuant to the Finance Lease Agreement, the principal lease amount payable by Qujing Guanghong to the Financier shall be not more than RMB190,000,000, (equivalent to RMB190,000,000 or the aggregate actual consideration under the First Agreement and the Second Agreement, whichever is lower). Qujing Guanghong shall also pay to the Financier an estimated aggregate lease interest payment of approximately RMB4,776,000. The estimated aggregate lease interest payment is calculated based on a fixed interest rate of 5.01% per annum.</p> <p>The principal lease amount and the estimated aggregate interest shall be payable by Qujing Guanghong to the Financier in one lump sum at the end of the lease term.</p> <p>In addition to the above lease payments, Qujing Guanghong shall pay to the Financier pre-lease interests during the pre-lease period, details of which are set out in the paragraph headed “Pre-lease period” below in this announcement. The pre-lease interests will be charged on a daily basis at the same fixed rate as that of the lease (i.e. 5.01% per annum), and such interests shall be payable semi-annually.</p> <p>The payments to be made under the Finance Lease Agreement were determined after arm’s length negotiations between the parties with reference to the total consideration under the First Agreement and the Second Agreement and the prevailing market interest rate for finance leases of comparable equipment and facilities.</p>
Lease term	<p>The lease term is 6 months commencing from the date of the completion of the construction works for the Photovoltaic Project and in any event not later than the last date of the pre-lease period.</p>
Pre-lease period	<p>The pre-lease period is 12 months commencing from the date on which the first draw-down of the Entrusted Amount from the Financier is made to Qujing Guanghong and ending on the date of commencement of the lease term.</p>
Ownership of the Equipment and Relevant Facilities	<p>During the lease period, the ownership of the Equipment and Relevant Facilities shall be vested in the Financier. If Qujing Guanghong has properly and fully performed all obligations under the Finance Lease Agreement, upon the expiry of the lease period, Qujing Guanghong is entitled to acquire the Equipment and Relevant Facilities at the consideration of RMB1.0 in nominal value.</p>

Security

The obligations of Qujing Guanghong shall be secured by (a) a share charge to be executed by the First Vendor in favour of the Financier over the entire equity interest in Qujing Guanghong owned by the First Vendor; and (b) a charge to be executed by Qujing Guanghong in favour of the Financier over all receivables arising from income of the Photovoltaic Project from time to time.

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 and Relevant Facilities 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 not more than RMB190,000,000, which is calculated based on the aggregated present values of lease payments under the Finance Lease Agreement 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 Finance Lease Arrangement was entered into in order to gain access to the Equipment and to facilitate the construction of the Relevant Facilities for the Photovoltaic Project in Qujing City, Yunnan Province, the PRC.

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 OF THE EQUIPMENT AND RELEVANT FACILITIES

The Equipment comprises the Monocrystalline Silicon Modules and the EPC Equipment, which are to be used for the construction of the Relevant Facilities for the Photovoltaic Project pursuant to the Second Agreement. The EPC Equipment comprises of an energy management system and other auxiliary facilities for the Photovoltaic Project situated in Yunan Province, the PRC.

The Relevant Facilities comprise the photovoltaic power systems to be constructed by the Second Vendor pursuant to the Second Agreement for the Photovoltaic Project.

Qijing Guanghong shall bear any maintenance, taxation and other costs and levies associated with the Equipment and Relevant Facilities under the Finance Lease Arrangement.

INFORMATION OF THE PARTIES

The Group

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

Qijing Guanghong

Qijing Guanghong is a company established in the PRC with limited liability, and a non wholly-owned subsidiary of the Company as at the date of this announcement. As at the date of this announcement, Qijing Guanghong is owned as to 100% by Qijing Xinyanguang, which is indirectly owned a

The Financier

The Financier is principally engaged in financial leasing and launched the financial solutions for the ten industries of aviation, shipping, energy, infrastructure, equipment manufacturing, environment, healthcare and cultural tourism, public transportation and logistics, smart interconnection and integrated circuit. It provides the lessees' needs in respect of equipment procurement, sales promotion, asset revitalization, balancing of tax liabilities and improvement of financial structure.

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 100% by China Merchants Bank, a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Stock Exchange (stock code: 3968). 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.

LISTING RULES IMPLICATIONS

Since one or more 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 (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;
“Entrusted Amount”	a total amount of not more than RMB190,000,000 to be paid by the Financier to Qujing Guanghong under the Entrusted Purchase Agreement;
“Entrusted Purchase Agreement”	the entrusted purchase agreement entered into between the Financier and Qujing Guanghong on 9 March 2023 for the purchase of the Equipment and Relevant Facilities by Qujing Guanghong as the entrusted agent on behalf of the Financier;
“EPC Equipment”	comprising an energy management system and other auxiliary facilities to be procured by the Second Vendor for the Photovoltaic Project pursuant to the Second Agreement;

“Equipment”	comprising the Monocrystalline Silicon Modules and the EPC Equipment, to be used for the construction of the Relevant Facilities for the Photovoltaic Project pursuant to the Second Agreement and to be leased by the Financier to Qujing Guanghong pursuant to the Finance Lease Agreement, details of which are set out in the paragraph headed “Information of the Equipment and Relevant Facilities” in this announcement;
“Finance Lease Agreement”	the finance lease agreement entered into between Qujing Guanghong and the Financier on 9 March 2023 for lease of the Equipment and Relevant Facilities by the Financier to Qujing Guanghong;
“Finance Lease Arrangement”	

“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;

“Qijing Guanghong”