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SINO ICT HOLDINGS LIMITED
芯成科技控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 00365)

DISCLOSEABLE TRANSACTION
FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that, on 5 November 2022, the Company, Sino New Energy Utilisation (Datong) (a non-wholly-owned subsidiary of the Company), Sino New Energy Utilisation (Hengqin) (a non-wholly-owned subsidiary of the Company), Sun East Intelligent (a wholly-owned subsidiary of the Company) and Sino IC Leasing entered into the Finance Lease Arrangement, pursuant to which (i) Sino IC Leasing agreed to purchase the Subject Assets from Sun East Intelligent at the consideration of RMB126,305,000, (ii) Sino IC Leasing agreed to lease the Subject Assets to Sino New Energy Utilisation (Datong) for a term of 60 months, (iii) Sino New Energy Utilisation (Datong) shall have the right to acquire each of Subject Assets at nominal consideration of RMB1,000 upon the end of the lease term and (iv) the Company, Sino New Energy Utilisation (Datong) and Sino New Energy Utilisation (Hengqin) agreed to provide Sino IC Leasing with the security arrangement as detailed in the paragraph headed “Security Arrangements for the Finance Lease Agreement” in this announcement. As a result of the Finance Lease Arrangement, the Group shall recognise the Subject Assets as right-of-use assets in the consolidated financial statements in accordance with the HKFRSs.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio(s) in respect of the Finance Lease Arrangement exceed(s) 5% but is less than 25%, the entering of the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements of the Listing Rules.

THE FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that, on 5 November 2022, the Company, Sino New Energy Utilisation (Datong) (a non-wholly-owned subsidiary of the Company), Sino New Energy Utilisation (Hengqin) (a non-wholly-owned subsidiary of the Company), Sun East Intelligent (a wholly-owned subsidiary of the Company) and Sino IC Leasing entered into the Finance Lease Arrangement, pursuant to which (i) Sino IC Leasing agreed to purchase the Subject Assets from Sun East Intelligent at the consideration of RMB126,305,000, (ii) Sino IC Leasing agreed to lease the Subject Assets to Sino New Energy Utilisation (Datong) for a term of 60 months, (iii) Sino New Energy Utilisation (Datong) shall have the right to acquire each of Subject Assets at nominal consideration of RMB1,000 upon the end of the lease term and (iv) the Company, Sino New Energy Utilisation (Datong) and Sino New Energy Utilisation (Hengqin) agreed to provide Sino IC Leasing with the security arrangement as detailed in the paragraph headed “Security Arrangements for the Finance Lease Agreement” in this announcement. As a result of the Finance Lease Arrangement, the Group shall recognise the Subject Assets as right-of-use assets in the consolidated financial statements in accordance with the HKFRSs.

(a) Principal terms of the Finance Lease Purchase Agreement

Date	5 November 2022
Parties	(i) Sino New Energy Utilisation (Datong) (as the user); (ii) Sino IC Leasing (as the purchaser); and (iii) Sun East Intelligent (as the seller)
Consideration	The total Consideration payable by Sino IC Leasing to Sun East Intelligent is RMB126,305,000
Basis of determination of the Consideration	The total Consideration of the Subject Assets was determined after arms’ length negotiations between parties to the Finance Lease Purchase Agreement with reference to the prevailing market price of the Subject Assets.
Purchase Down Payment	The down payment payable by Sino IC Leasing to Sun East Intelligent shall be RMB12,705,000 (the “ Purchase Down Payment ”).
Payment arrangement of the Consideration	To simplify the repayment process of the Purchase Down Payment and the Lease Down Payment (as defined below), the Purchase Down Payment shall be payable by Sino New Energy Utilisation (Datong) to Sun East Intelligent directly. As such, Sino IC Leasing shall be deemed to have fulfilled its obligation to pay the Purchase Down Payment to Sun East Intelligent under the Finance Lease Purchase Agreement, and Sino New Energy Utilisation (Datong) shall be deemed to have paid the Finance Lease Down Payment to Sino IC Leasing under the Finance Lease Agreement.

Subject to the fulfilment of all of the payment conditions under the Finance Lease Agreement, Sino IC Leasing shall pay the remaining Consideration in three tranches: (i) the first transfer payment of RMB25,300,000 (the “**First Transfer Payment**”), (ii) the second transfer payment of RMB63,200,000 (the “**Second Transfer Payment**”) and (iii) the third transfer payment of RMB25,100,000 (the “**Third Transfer Payment**”).

Payment conditions of
the Consideration

The payment of the Consideration is subject to the satisfaction (or waiver) of the following conditions under the Finance Lease Agreement, among others:

- (i) Sino IC Leasing having drawn down the bank facilities used for the payment of the Consideration;
- (ii) payment of the Third Transfer Payment will be made only (1) 10 days after the completion and acceptance of the Subject Assets, or (2) 3 months after the acceptance of the power-on performance commissioning and acceptance, or (3) 3 months after the arrival of the last batch of the Subject Assets at the place of delivery designated by Sino IC Leasing (whichever is earlier); and
- (iii) all Transfer Payments shall be used by Sun East Intelligent for the procurement of the Subject Assets from its supplier(s) and the Subject Assets shall be used for the Datong Project; and
- (iv) other customary payment conditions, including, among others, the provision of documentary proof to Sino IC Leasing for the procurement of the Subject Assets from suppliers, payment of the Purchase Down Payment, internal approval records of the Group regarding the Finance Lease Arrangement, capital injection by Sino New Energy Utilisation (Hengqin) to Sino New Energy Utilisation (Datong), execution of the agreements as set out in the paragraph headed “Security Arrangements for the Finance Lease Agreement” and purchase of insurance for the Leased Assets.

Transfer of ownership
of the Subject Assets

The ownership of the Subject Assets shall be completely transferred to Sino IC Leasing when Sino IC Leasing pays the First Transfer Payment.

(b) Principal terms of the Finance Lease Agreement

Date	5 November 2022
Parties	(i) Sino New Energy Utilisation (Datong) (as the lessee); and (ii) Sino IC Leasing (as Sino IC Leasing)
Lease down payment	The down payment payable by Sino New Energy Utilisation (Datong) to Sino IC Leasing shall be RMB12,705,000 (the “ Lease Down Payment ”), which is payable within 10 days of the signing of the Finance Lease Agreement through wire transfer. As disclosed above in the paragraph headed “Payment arrangement of the Consideration”, Sino New Energy Utilisation (Datong) shall be deemed to have paid the Lease Down Payment to Sino IC Leasing under the Finance Lease Agreement when Sino New Energy Utilisation (Datong) pays the Purchase Down Payment to Sun East Intelligent under the Finance Lease Purchase Agreement.
Lease principal amount	The lease principal amount payable by Sino New Energy Utilisation (Datong) to Sino IC Leasing shall be RMB113,600,000.
Lease interest amount	<p>The lease interest rate is a floating interest rate calculated with reference to the loan prime rate of one-year loan published by the National Interbank Funding Center from time to time (“LPR”), which will be adjusted every three months from the respective lease commencement period based on the then prevailing LPR. However, the above adjustment of the floating interest rate shall be allowed only to the extent that the total amount payable by Sino New Energy Utilisation (Datong) to Sino IC Leasing under the Finance Lease Agreements (including but not limited to the Lease Down Payment, the lease principal amount and the lease interest amount) must be lower than the amount payable by Sino New Energy Utilisation (Datong) to Sino IC Leasing which would require shareholders’ approval of the Company under the Listing Rules.</p> <p>Assuming the prevailing LPR as at the date of this announcement will remain the same throughout the lease period of the Finance Lease Arrangement, the total lease interest payable by Sino New Energy Utilisation (Datong) to Sino IC Leasing would be approximately RMB24,947,000.</p>

Basis of determination of the lease payment and lease interest	The lease payment (which comprises the lease principal amount and the lease interest amount) and the lease interest rate 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 the finance lease of comparable assets to the Subject Assets, financing risks and service costs during the lease period.
Payment of the lease payment	The payment of the lease payment shall be payable by Sino New Energy Utilisation (Datong) to Sino IC Leasing in 20 instalments, with (i) the first instalment payable upon three months after the payment date of the First Transfer Payment and (ii) the remaining instalments payable by every three months thereafter.
Lease term	The total lease term of the Subject Assets is 60 months commencing from the date on which Sino IC Leasing pays the First Transfer Payment.
Redemption	Sino New Energy Utilisation (Datong) shall have the right to acquire the Subject Assets at a nominal consideration of RMB1,000 upon the end of the lease term under the Finance Lease Agreement.

(c) Security Arrangements for the Finance Lease Agreement

The performance of the obligations of Sino New Energy Utilisation (Datong) under the Finance Lease Agreement are secured by the Equity Interest Pledge Agreement, the Pledge Agreement, the Receivables Pledge Agreement and the Guarantee Agreement.

The pledge period under the Equity Interest Pledge Agreement, the Pledge Agreement and the Receivables Pledge Agreement shall commence from the date of the Finance Lease Agreement (or the date the pledge takes effect) and be effective until the date on which all payment obligations of Sino New Energy Utilisation (Datong) as secured by the relevant pledge agreements are fully paid and the registration of the relevant pledges have been cancelled. The guarantee period under the Guarantee Agreement shall commence from the date of the Finance Lease Agreement and be effective until the second anniversary of the expiry of the term of the Finance Lease Agreement.

THE RIGHT-OF-USE ASSETS IN RESPECT TO THE FINANCE LEASE ARRANGEMENT

In accordance with HKFRS 16 *Leases*, the Group is required to recognise the leasing of the Subject Assets as right-of-use assets, and as a result, the entry into the Finance Lease Arrangement and the transactions contemplated thereunder will be regarded as acquisition of assets by the Group pursuant to the Listing Rules. The aggregate value of the right-of-use assets to be recognised by the Group

at the respective lease commencement date in its consolidated financial statements under the Finance Lease Arrangement is approximately RMB126,305,000, 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 lease commencement date.

The transactions contemplated under the Finance Lease Arrangement do not constitute a disposal of assets and will not give rise to any gain or loss to be recorded in the Group's consolidated statement of comprehensive income.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

By entering into the Finance Lease Agreements, the Group can leverage the strong financial strength of Sino IC Leasing to provide financing solutions for accelerating the construction of the Datong Project and to complete the construction, grid connection and production of the Datong Project as soon as possible. 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 upon 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 SUBJECT ASSETS

The Subject Assets comprise of certain liquid-cooled battery containers, energy management systems (EMS) and variable-flow booster cabins which will be used by Sino New Energy Utilisation (Datong) for the operation of the Datong Project. As at the date of this announcement, the Subject Assets does not have any identifiable income stream.

INFORMATION ABOUT THE PARTIES

The Company and the Group

The Company is a company incorporated in Bermuda with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in surface mount technology equipment manufacturing and securities investment and is also actively developing an energy storage business and bird detection radar business.

Sino New Energy Utilisation (Datong) and Sino New Energy Utilisation (Hengqin)

Both Sino New Energy Utilisation (Datong) and Sino New Energy Utilisation (Hengqin) are established in the PRC with limited liability and are principally engaged in the energy storage business. As of the date of this announcement, Sino New Energy Utilisation (Datong) is wholly-owned by Sino New Energy Utilisation (Hengqin), and Sino New Energy Utilisation

(Hengqin) is indirectly owned as to approximately 51% by the Company and directly owned as to 49% by Shenzhen Qianhai Dongfang New Energy Co., Ltd.*(深圳前海東方新能源有限公司), which is in turn owned as to approximately 51% and 49% by Mr Guo Ge* (郭歌) and Mr Hu Hua* (胡華, both being third parties independent of the Company and its connected persons), respectively.

Sun East Intelligent

Sun East Intelligent is a company established in PRC with limited liability. It is a wholly-owned subsidiary of the Company. It is engaged in the SMT equipment manufacturing business and provides customers with SMT and semiconductor packaging equipment solutions and financial solutions.

Sino IC Leasing

Sino IC Leasing is a company established in the PRC with limited liability and is principally engaged in finance leasing and other leasing business. Sino IC Leasing is owned by approximately 13.89% of Zhejiang Honghu Semi-conductor Industrial Group Limited*(浙江鴻鵠半導體產業集團有限責任公司) (“**Zhejiang Honghu Semi-conductor**”) and approximately 86.11% by 18 other entities, amongst which, no individual entity owned over 10% equity interest in Sino IC Leasing.

Zhejiang Honghu Semi-conductor is a company established in the PRC with limited liability and is principally engaged in technology development and consultancy. Zhejiang Honghu Semi-conductor is owned 99.9% by Jiaxing Qixin Equity Investment Partnership (Limited Partnership)*(嘉興海之芯股權投資合夥企業(有限合夥)) (“**Jiaxing Haizhixin**”) and 0.1% by Zhejiang Honghu Yuanzhi Corporate Management Limited*(浙江鴻鵠遠志企業管理有限公司) (“**Honghu Yuanzhi**”). As confirmed by Sino IC Leasing:

- (i) Zhejiang Honghu Mingrui Corporate Management Limited*(浙江鴻鵠明睿企業管理有限責任公司) is the general partner of Jiaxing Haizhixin and is owned as to 40% by Honghu Yuanzhi, which is in turn owned by Haizhixin (Zhuhai Hengqin) Corporate Management Consulting Co., Ltd.* (海之芯(珠海橫琴)企業管理諮詢有限責任公司) (“**Haizhixin Zhuhai Hengqin**”) and Honghu (Zhuhai Hengqin) Corporate Management Partnership (Limited Partnership)* (鴻鵠(珠海橫琴)企業管理合夥企業(有限合夥)) (“**Honghu Zhuhai Hengqin**”), Haizhixin Zhuhai Hengqin and Honghu Zhuhai Hengqin are owned by several natural person, amongst whom, no individual natural person owned over 20% equity interest;
- (ii) Jiaxing Haizhixin is owned as to approximately 37.92% collectively by Jiaxing Municipal Government Equity Investment Fund Co., Ltd. (嘉興市政府股權投資基金有限公司) (“**Jiaxing Municipal Government Fund**”) and Haining City Industrial Investment Group Co., Ltd. (海寧市實業產業投資集團有限公司) (“**Haining City Industrial**”), being the single largest group of limited partners of Jiaxing Haizhixin and investment platforms through which the governments of Jiaxing City and Haining City (a county-level city under the jurisdiction of Jiaxing City) jointly invest in Jiaxing Haizhixin; and

(iii) The ultimate beneficial owners of Jiaxing Municipal Government Fund and Haining City Industrial are the Financial Bureau of Jiaxing City (嘉興市財政局) and the State-owned Assets Supervision and Administration Office of People’s Government of Haining City*(海寧市人民政府國資委), respectively.

UNIC Capital Management Co., Ltd.*(中青芯鑫(蘇州工業園區)資產管理有限責任公司) (“**UNIC Capital**”) is indirectly interested in approximately 50.1% equity interest of Sino Xin Ding. UNIC Capital is owned approximately 49.5% by Sino IC Leasing and approximately 49.0% by Zhongqing Xintou Holding Co. Ltd.*(中青信投控股有限責任公司). As confirmed by Sino IC Leasing, UNIC Capital is not a subsidiary of Sino IC Leasing.

Mr. Yuan I-Pei, an executive Director and the chairman of the Board, is an executive vice president of Sino IC Leasing; Mr. Xia Yuan, an executive Director and chief executive officer of the Company, is an executive vice president of Sino IC Leasing. In view of both Mr. Yuan I-Pei and Mr. Xia Yuan’s positions in Sino IC Leasing, for the avoidance of any potential conflict of interest, the afore-mentioned directors abstained from voting at the meeting of the Board in relation to the approval of the Finance Lease Arrangement. In addition, Mr. Li Yongjun and Mr. Li Jinxian have also abstained from voting at the meeting of the Board in relation to the approval of the Finance Lease Arrangement to avoid potential conflict of interest from a good corporate governance perspective.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, saved as disclosed above, Sino IC Leasing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio(s) in respect of the Finance Lease Arrangement of the Listing Rules exceed(s) 5% but is less than 25%, the entering of the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the same following meanings as set out below:

“Company”	Sino ICT Holdings Limited (Stock Code: 365), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Consideration”	the consideration payable by Sino IC Leasing to Sun East Intelligent for the purchase of the Subject Assets;
“Datong Project”	the 500MW/1000MWh new energy storage power station located in Xinrong District, Datong City, Shanxi Province and operated by Sino New Energy Utilisation (Datong) as at the date of this announcement;

“Director(s)”	the director(s) of the Company;
“Equity Interest Pledge Agreement”	the equity interest pledge agreement dated 5 November 2022 entered into between Sino New Energy Utilisation (Hengqin) and Sino IC Leasing, pursuant to which Sino New Energy Utilisation (Hengqin) pledged the entire equity interest in Sino New Energy Utilisation (Datong) to Sino IC Leasing;
“Finance Lease Agreement”	the finance lease agreement dated 5 November 2022 entered into between Sino IC Leasing and Sino New Energy Utilisation (Datong), pursuant to which Sino IC Leasing agreed to lease the Subject Assets to Sino New Energy Utilisation (Datong);
“Finance Lease Agreements”	the Finance Lease Agreement, the Finance Lease Purchase Agreement, the Equity Interest Pledge Agreement, the Pledge Agreement, the Receivables Pledge Agreement and the Guarantee Agreement;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreements;
“Finance Lease Purchase Agreement”	the finance lease purchase agreement entered into among Sino IC Leasing, Sun East Intelligent and Sino New Energy Utilisation (Datong) on 5 November 2022, pursuant to which Sun East Intelligent agreed to sell, and Sino IC Leasing agreed to purchase, the Subject Assets owned by Sun East Intelligent;
“Group”	the Company and its subsidiaries;
“Guarantee Agreement”	the guarantee agreement dated 5 November 2022 entered into between the Company and Sino IC Leasing, pursuant to which the Company agreed to provide a guarantee in favour of Sino IC Leasing to secure the due performance by Sino New Energy Utilisation (Datong) of its obligations under the Finance Lease Agreement;
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;

“percentage ratio(s)”	as defined in the Listing Rules;
“Pledge Agreement”	the pledge agreement dated 5 November 2022 entered into between Sino IC Leasing and Sino New Energy Utilisation (Datong), pursuant to which by Sino New Energy Utilisation (Datong) agreed to pledge the Subject Assets to Sino IC Leasing;
“PRC”	the PRC, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the region commonly called Taiwan;
“Receivables”	all revenue rights and charging rights of the Datong Project and under the Finance Lease Agreement and the accounts receivable from the use of the Subject Assets by Sino New Energy Utilisation (Datong) for production and operation;
“Receivables Pledge Agreement”	the receivables pledge agreement dated 4 November 2022 (after trading hours) entered into between Sino New Energy Utilisation (Datong) and Sino IC Leasing, pursuant to which Sino New Energy Utilisation (Datong) agreed to pledge the Receivables to Sino IC Leasing;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of issued share(s) of the Company;
“Sino IC Leasing”	Sino IC Leasing Co., Ltd.* (芯鑫融資租賃有限責任公司), a company established in the PRC with limited liability;
“Sino New Energy Utilisation (Datong)”	Sino New Energy Utilisation (Datong) Energy Technology Co., Ltd.* (中鑫電聯(大同)能源科技有限公司), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company;
“Sino New Energy Utilisation (Hengqin)”	Sino New Energy Utilisation (Hengqin) Limited*(中鑫電聯(珠海橫琴)能源科技有限公司), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Assets”	certain pieces of machinery and equipment to be leased by Sino IC Leasing to Sino New Energy Utilisation (Datong) as detailed in the section headed “Information on the Subject Assets” in this announcement;

“Sun East Intelligent”	Sun East Intelligent Equipment Technology (Shenzhen) Co., Ltd* (日東智能裝備科技(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Transfer Payments”	the First Transfer Payment, the Second Transfer Payment and the Third Transfer Payment;
“%”	per cent.

* *For identification purposes only.*

By Order of the Board
Sino ICT Holdings Limited
Yuan I-Pei
Chairman

Hong Kong, 6 November 2022

As at the date of this announcement, the directors are Mr. Yuan I-Pei and Mr. Xia Yuan as executive directors; Mr. Li Yongjun and Mr. Li Jinxian as non-executive directors; and Mr. Wang Yanxin, Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan as independent non-executive directors.