

China's central bank cuts interest rates – positive effect for Gigasun

The People's Bank of China (PBOC) has today announced a comprehensive monetary stimulus package to strengthen the economy amid rising trade tensions with the United States and weak domestic demand.

The main measures include:

Reduction of the seven-day reverse repo rate: By 10 basis points to 1.4%, effective from 8 May.

Reduction of the reserve requirement (RRR): By 0.5 percentage points as of May 15, which is expected to release about 1 trillion yuan (about \$138 billion) in long-term liquidity.

Expected LPR cut: PBOC Governor Pan Gongsheng indicated that these measures are likely to lead to a 10 basis point loan prime rate (LPR) cut at the next rate on May 20.

These measures aim to mitigate the impact of the ongoing trade conflict, where the United States has imposed tariffs of up to 145% on Chinese goods. Meanwhile, China and the United States are preparing for high-level trade talks in Switzerland later this week.

Effect on Gigasun

Gigasun AB (publ), which is active in solar energy in China, has several financing agreements linked to the five-year loan prime rate (LPR 5). The current level of LPR 5 is 3.60%, unchanged since October 2024.

With the expected further reduction of LPR 5 on May 20, 2025, Gigasun can look forward to further reduced interest expenses, which strengthens the company's cash flow and profitability.

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About the operation

Gigasun operates in China through its wholly owned subsidiaries Advanced Soltech Renewable Energy (Hangzhou) Co. Ltd ("**ASRE**") and Longrui Solar Energy (Suqian) Co. Ltd. ("**SQ**"), and Suqian Ruiyan New Energy Co., Ltd. ("**RY**").

The business model consists of financing, installing, owning and managing solar PV installations on customers' roofs in China. The customer does not pay for the solar PV installation, but instead enters an agreement to buy the electricity that the solar PV installation produces under a 20-year agreement. Current income comes from the sale of electricity to customers and governmental subsidies.

The goal is to have an installed capacity of 1,000 megawatts (MW) in the medium term.

Attachments

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