
China cuts five-year reference interest rate by 0.25 percentage points

The People's Bank of China announced on Tuesday that the five-year benchmark loan rate (LPR 5), which affects the borrowing costs of households and businesses, will be cut from 4.2 percent to 3.95 percent. The 0.25 percentage point cut was the largest cut in the policy rate since it was introduced in 2019 and exceeded analysts' expectations of a 0.1 percentage point cut.

Gigasun's loan with JS leasing is tied to LPR 5 and the interest rate reduction means an annual reduction in interest expenses of approximately SEK 2.6 million starting next year.

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About the China venture

in China Gigasun operates through, its wholly owned local subsidiaries Advanced Soltech Renewable Energy (Hangzhou) Co. Ltd, ASRE and Longrui Solar Energy (Suqian) Co. Ltd. The business model consists of financing, installing, owning and managing solar energy installations on customers' roofs in China. The customer does not pay for the plant, but instead enters an agreement to buy the electricity that the plant produces under a 20-year agreement. Current income comes from the sale of electricity to customers and from subsidies. The goal is to have an installed capacity of 1,000 megawatts (MW) which is fully connected to the electricity grid by 2026.

ASRE and Longrui Solar Energy (Suqian) Co. Ltd. are wholly owned subsidiaries of Gigasun AB (publ).

Attachments

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