



SolTech Energy

## New Strategy for financing solar energy in China

**Sol Tech Energy's Swedish subsidiary, Advanced SolTech Sweden AB (publ.)(ASAB), with responsibility for financing the Group's investments in China, signed a contract with Danske Bank in January 2017 for the purpose of exploring the possibility of issuing "green bonds" to the bank's network of institutional investors.**

Over the course of the year, ASAB and Danske Bank established a structure for a green bond issue. However, after a careful evaluation of the criteria that Danske Bank's network of investors wished to see fulfilled, the partners have chosen to terminate any further pursuit of this cooperative effort.

### **CEO Frederic Telander comments:**

"As a rule, investors in the institutional market generally take 10% of the total volume and, in this case, they wanted the bond issue to be significantly larger than ASAB had planned. With a greater volume, we run the risk of not being able to convert the money into completed and income producing solar energy installations fast enough, with the consequent follow of increased financing costs.. The institutional investors' criteria also contained restrictions that made other means of financing the concern's operation in China – as for example, a public bond issue, bank loans, leasing, etc. – for all practical purposes, impossible. When we weighed the requirements in total, we realized they were neither advantageous to us nor fair to ASAB's current bondholders. Given this situation, we chose not to further pursue an institutional bond issue."

### **A new strategy – making use of our own capital, bonds and bank loans, as well as the introduction of ASAB on the Stock Exchange.**

SolTech Energy Sweden AB (publ.) and Advanced Solar Power Hangzhou Inc. (ASP) have decided that the following strategy is to be implemented to finance the expansion of solar energy in China through our jointly owned subsidiary ASRE.

- SolTech Energy and ASP intend to jointly provide 6 MEUR (57.6 MSEK) of our own capital during the fourth (4<sup>th</sup>) quarter of 2017, which shall directly be used to construct solar energy installations that have already been contracted.
- ASAB plans to issue a new Green Bond to the public during the first (1<sup>st</sup>) quarter of 2018. SolTech Energy's shareholders and ASAB's current bondholders will have preference to its subscription.
- With the aim of further developing SolTech Energy's business area, and simultaneously facilitate the financing of our Chinese operation, the concern plans to have ASAB introduced, assuming application approval, on the Nasdaq Stock Exchange during the second (2<sup>nd</sup>) quarter of 2018, on First North at Nasdaq Stockholm. Consequently, this listing will be preceded by a reorganization, where after, ASAB will own 100% of ASRE's stock. The current owners of ASAB stock are SolTech Energy (51%) and our Chinese partner (49%).
- In addition to the 34 MSEK loan that ASRE recently secured from the Bank of China in August 2017, we are now negotiating further loans with other large Chinese banks.

### **CEO Frederic Telander comments:**

"We have laid down a great deal of time and money on the bond project with Danske Bank, and it feels disappointing not to have ended it with a sound bond containing sensible requirements. With advantage of hindsight and better forehand information, we would have chosen the above strategy from the very start, as we judge it to be more favorable to the company and the interests our shareholders, which is the most vital mission we strive to achieve."

**For more information, please contact:** Frederic Telander, CEO SolTech Energy. Tel: 08-441 88 46, email: [frederic.telander@soltechenergy.com](mailto:frederic.telander@soltechenergy.com)

***The information contained in this press release conforms to that which SolTech Energy Sweden AB (publ.) is required to make public according to the EU's regulation.596/2014 concerning securities market abuse. Said information is furnished, via the above-cited contact person's authorization, for publication on 20 October 2017, 07:00 CET.***

### **SolTech Energy in brief**

SolTech Energy develops and sells building-integrated solar energy products for all forms of building structures – commercial, public and residential. The products are a part of a building's outer shell, as a roof, wall or window, containing semi-transparent solar cells for the production of electricity that simultaneously shade out solar heat. SolTech Energy Sweden AB (publ.) is traded on First North at Nasdaq Stockholm, under the symbol "SOLT" with over 11,000 shareholders. Also included in the concern are its jointly owned (51%) subsidiaries ASAB in Sweden, and ASRE in China, as well as its wholly owned subsidiary Wasa Rör T Mickelsson AB. The company's Certified Advisor is G&W Fondkommission (securities broker). For more information see: [www.soltechenergy.com](http://www.soltechenergy.com)

**Investment in China**

SolTech's investment in China is carried out by a jointly owned company, Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd (ASRE), where SolTech owns 51 percent and Advanced Solar Power Hangzhou Inc. (ASP) owns 49 percent. The business model consists of having ASRE finance, install, own, and periodically service solar energy installations mounted on the roofs of customer-owned facilities. The customer does not pay for the installed solar energy unit, but instead undersigns a long-term, 20-25 year contract to buy all the electricity and/or thermal heat the relevant unit produces. ASRE's current income comes from the sale of electricity to customers, along with various forms of subsidies per produced kWh. Focus is now concentrated on building a backlog of orders for 2017 and beyond, with the goal of obtaining an installed capacity of 605 MW (megawatts) by the close of 2021, which in 2022 will be set into full operation, generating current annual sales amounting to approximately 1 billion SEK (103 MEUR).