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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

DISCLOSEABLE TRANSACTION

(1) DISPOSAL OF SUBSIDIARIES

(2) GRANT OF PUT OPTIONS

THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The Board announces that on 21 July 2021 (after trading hours), Jiangsu GCL, being an indirect subsidiary of the Company (as the seller), Yixing Hechuang (as the purchaser) and the Target Companies (as the target companies) entered into the First Phase Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, the Seller agreed to, among other things, sell the entire equity interest in each of the Target Companies to the Purchaser.

Upon completion of the First Phase Disposals, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Companies will no longer be consolidated into the financial statements of the Company upon the Registration Completion Date.

USE OF PROCEEDS FROM THE DISPOSALS

The net cash proceeds from the Transactions (including the sum of the aggregate Consideration and the aggregate Net Payable Amount as at the Reference Date minus the aggregate Rectification Cost) is expected to be approximately RMB1,156,465,946, which the Company intends to use for repayment of its debts.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio in respect of the First Phase Disposals exceeds 5% but is less than 25%, the entering into of the First Phase Disposals constitutes a discloseable transaction for the Company and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Given that the exercise of the First Phase Put Options is not at the discretion of the Company, pursuant to Rule 14.74 of the Listing Rules, the grant of the First Phase Put Options will be classified as if they had been exercised. Since the highest applicable percentage ratio in respect of the First Phase Put Options is less than 5%, the granting of the First Phase Put Options does not constitute a notifiable transaction for the Company.

1. INTRODUCTION

The Board announces that on 21 July 2021 (after trading hours), Jiangsu GCL, being an indirect subsidiary of the Company (as the seller), Yixing Hechuang (as the purchaser) and the Target Companies (as the target companies) entered into the First Phase Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, the Seller agreed to, among other things, sell the entire equity interest in each of the Target Companies to the Purchaser.

Upon completion of the First Phase Disposals, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Companies will no longer be consolidated into the financial statements of the Company upon the Registration Completion Date.

2. THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The principal terms of the First Phase Share Purchase Agreements are set out below:

Date

21 July 2021 (after trading hours)

Parties

- The Seller: Jiangsu GCL New Energy Co., Ltd.* (江蘇協鑫新能源有限公司)
- The Purchaser: Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司)
- The Target Companies:
- (i) Funing Xinyuan Photovoltaic Power Co., Ltd.* (阜寧縣鑫源光伏電力有限公司)
 - (ii) Guanyun GCL Photovoltaic Power Co., Ltd.* (灌雲縣協鑫光伏電力有限公司)
 - (iii) Donghai GCL Photovoltaic Power Co., Ltd.* (東海縣協鑫光伏電力有限公司)

- (iv) Peixian Xinri Photovoltaic Power Co., Ltd.* (沛縣鑫日
光伏電力有限公司)
- (v) Xuzhou Xinhui Photovoltaic Power Co., Ltd.* (徐州鑫
輝光伏電力有限公司)
- (vi) Huaian Xinyuan Photovoltaic Power Co., Ltd.* (淮安鑫
源光伏電力有限公司)
- (vii) Huaian Ronggao Photovoltaic Power Generation Co.,
Ltd.* (淮安融高光伏發電有限公司)
- (viii) Zhenjiang Xinli Photovoltaic Power Co., Ltd.* (鎮江鑫
利光伏電力有限公司)
- (ix) Zhenjiang Xinlong Photovoltaic Power Co., Ltd.* (鎮江
鑫龍光伏電力有限公司)
- (x) Zhangjiagang GCL Photovoltaic Power Co., Ltd.* (張家
港協鑫光伏電力有限公司)
- (xi) Nantong GCL New Energy Co., Ltd.* (南通協鑫新能源
有限公司)
- (xii) Lianyungang Xinzhong Photovoltaic Power Co., Ltd.*
(連雲港鑫眾光伏電力有限公司)
- (xiii) Xinyi Xinri Photovoltaic Power Co., Ltd.* (新沂鑫日
光伏電力有限公司)
- (xiv) Jurong Xinda Photovoltaic Power Generation Co., Ltd.*
(句容信達光伏發電有限公司)
- (xv) Nanjing Xinri Photovoltaic Power Generation Co., Ltd.*
(南京鑫日光伏發電有限公司)
- (xvi) Baoying GCL Photovoltaic Power Co., Ltd.* (寶應協鑫
光伏電力有限公司)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject Matter

The entire equity interests held by the Seller in each of the Target Companies will be sold by the Seller to the Purchaser.

The Target Companies collectively own 28 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 301MW.

The table below sets out the Target Companies under each of the First Phase Share Purchase Agreements:

No.	First Phase Share Purchase Agreements	Target Companies
I	Funing Xinyuan Share Purchase Agreement	Funing Xinyuan
II	Guanyun GCL Share Purchase Agreement	Guanyun GCL
III	Donghai GCL Share Purchase Agreement	Donghai GCL
IV	Peixian Xinri Share Purchase Agreement	Peixian Xinri
V	Xuzhou Xinhui Share Purchase Agreement	Xuzhou Xinhui
VI	Huaian Xinyuan Share Purchase Agreement	Huaian Xinyuan
VII	Huaian Ronggao Share Purchase Agreement	Huaian Ronggao
VIII	Zhenjiang Xinli Share Purchase Agreement	Zhenjiang Xinli
IX	Zhenjiang Xinlong Share Purchase Agreement	Zhenjiang Xinlong
X	Zhangjiagang GCL Share Purchase Agreement	Zhangjiagang GCL
XI	Nantong GCL Share Purchase Agreement	Nantong GCL
XII	Lianyungang Xinzhong Share Purchase Agreement	Lianyungang Xinzhong
XIII	Xinyi Xinri Share Purchase Agreement	Xinyi Xinri
XIV	Jurong Xinda Share Purchase Agreement	Jurong Xinda
XV	Nanjing Xinri Share Purchase Agreement	Nanjing Xinri
XVI	Baoying GCL Share Purchase Agreement	Baoying GCL

For further information relating to the Target Companies, please refer to the section headed “Information on the Target Companies” below.

Consideration

The aggregate Consideration under the First Phase Share Purchase Agreements is RMB481,313,800.

The table below sets out the Consideration under each of the First Phase Share Purchase Agreements:

No.	First Phase Share Purchase Agreements	Consideration <i>RMB</i>
I	Funing Xinyuan Share Purchase Agreement	17,810,000
II	Guanyun GCL Share Purchase Agreement	34,140,000
III	Donghai GCL Share Purchase Agreement	72,480,000
IV	Peixian Xinri Share Purchase Agreement	36,800,000
V	Xuzhou Xinhui Share Purchase Agreement	12,170,000
VI	Huaian Xinyuan Share Purchase Agreement	32,380,000
VII	Huaian Ronggao Share Purchase Agreement	22,580,000
VIII	Zhenjiang Xinli Share Purchase Agreement	14,020,500
IX	Zhenjiang Xinlong Share Purchase Agreement	59,382,100
X	Zhangjiagang GCL Share Purchase Agreement	72,405,700
XI	Nantong GCL Share Purchase Agreement	27,900,000
XII	Lianyungang Xinzhong Share Purchase Agreement	10,430,000
XIII	Xinyi Xinri Share Purchase Agreement	36,280,000
XIV	Jurong Xinda Share Purchase Agreement	18,804,200
XV	Nanjing Xinri Share Purchase Agreement	12,051,300
XVI	Baoying GCL Share Purchase Agreement	<u>1,680,000</u>
Total		<u><u>481,313,800</u></u>

Basis of the Consideration

The Consideration under each of the First Phase Share Purchase Agreements was determined after arm's length negotiations between the Seller and the Purchaser, having taken into account of, among other things:

- (i) the net asset value of each of the Target Companies as at the Reference Date (i.e. 28 February 2021);
- (ii) the profitability of the Target Companies for the financial years ended 31 December 2020 and 31 December 2019, details of which can be found in the section headed "Information on the Target Companies" of this announcement;
- (iii) the reasons for the First Phase Disposals as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and
- (iv) the cash flow position of the Target Companies as at the Reference Date.

Payment arrangements of the Consideration

The aggregate Consideration under each of the First Phase Share Purchase Agreements shall be paid by the Purchaser to the Seller in the following manner:

First instalment

The Purchaser shall pay a total of RMB288,788,300 (the “**First Instalment**”) to the Seller within seven Business Days after the fulfilment of the following conditions:

- (a) the First Phase Share Purchase Agreements have become effective; and
- (b) the Purchaser has received the relevant receipt from the Seller.

Second instalment

The Purchaser shall pay a total of RMB187,194,800 (the “**Actual Second Instalment**”)^(Note) to the Seller within seven Business Days after the fulfilment of the following conditions:

- (a) completion of the Registration Procedures;
- (b) the delivery and handover of the corporate documents and seals of the Target Companies specified in the First Phase Share Purchase Agreements; and
- (c) the Purchaser has received the relevant receipt from the Seller.

No	First Phase Share Purchase Agreements	First	Initial Second	Rectification	Actual Second
		Instalment	Instalment ^(Note)	Cost ^(Note)	Instalment ^(Note)
		RMB	RMB	RMB	RMB
I	Funing Xinyuan Share Purchase Agreement	10,686,000	7,124,000	(1,105,000)	6,019,000
II	Guanyun GCL Share Purchase Agreement	20,484,000	13,656,000	(470,000)	13,186,000
III	Donghai GCL Share Purchase Agreement	43,488,000	28,992,000	(665,000)	28,327,000
IV	Peixian Xinri Share Purchase Agreement	22,080,000	14,720,000	(50,000)	14,670,000
V	Xuzhou Xinhui Share Purchase Agreement	7,302,000	4,868,000	(130,000)	4,738,000
VI	Huaian Xinyuan Share Purchase Agreement	19,428,000	12,952,000	(300,000)	12,652,000
VII	Huaian Ronggao Share Purchase Agreement	13,548,000	9,032,000	(305,100)	8,726,900
VIII	Zhenjiang Xinli Share Purchase Agreement	8,412,300	5,608,200	(195,200)	5,413,000
IX	Zhenjiang Xinlong Share Purchase Agreement	35,629,300	23,752,800	(435,100)	23,317,700
X	Zhangjiagang GCL Share Purchase Agreement	43,443,400	28,962,300	(125,000)	28,837,300
XI	Nantong GCL Share Purchase Agreement	16,740,000	11,160,000	(450,000)	10,710,000
XII	Lianyungang Xinzhong Share Purchase Agreement	6,258,000	4,172,000	(220,000)	3,952,000
XIII	Xinyi Xinri Share Purchase Agreement	21,768,000	14,512,000	(225,000)	14,287,000
XIV	Jurong Xinda Share Purchase Agreement	11,282,500	7,521,700	(290,100)	7,231,600
XV	Nanjing Xinri Share Purchase Agreement	7,230,800	4,820,500	(105,100)	4,715,400
XVI	Baoying GCL Share Purchase Agreement	1,008,000	672,000	(260,100)	411,900
Total		<u>288,788,300</u>	<u>192,525,500</u>	<u>(5,330,700)</u>	<u>187,194,800</u>

Note: The Actual Second Instalment under each of the First Phase Share Purchase Agreements payable by the Purchaser to the Seller represents the deduction of the agreed rectification cost for the engineering and compliance defects of each of the Target Companies under each of the First Phase Share Purchase Agreements (“**Rectification Cost**”) and the initial second instalment to be received by the Seller under each of the First Phase Share Purchase Agreements (“**Initial Second Instalment**”).

Conditions Precedent

The First Phase Share Purchase Agreements shall become effective after the following conditions have been fulfilled:

- (i) the approval of the board of directors or the shareholders of the Seller in respect of the First Phase Disposals has been obtained;
- (ii) the relevant filing procedures of the assets appraisal of the Target Companies with the competent authorities in the PRC have been completed;
- (iii) the relevant filing procedures with Shanghai Electric, being the holding company of the Purchaser, in respect of the First Phase Disposals have been completed;

- (iv) the approval of the board of directors of Shanghai Electric, being the holding company of the Purchaser, has been obtained (if required); and
- (v) (applicable to Lianyungang Xinzhong Share Purchase Agreement only) the full capacity of the solar power plant project operated by Lianyungang Xinzhong has been connected to the grid.

Payment Arrangement of the Net Payable Amount

The Amount Payable as at the Reference Date will be set off against the Amount Receivable as at the Reference Date in order to ascertain the Net Payable Amount as at the Reference Date payable by the Target Companies to the Seller, which such payment obligation of the Target Companies shall be procured by the Purchaser. Within 90 days after the Registration Completion Date, the Target Companies shall:

- (i) pay to the Seller the Net Payable Amount as at the Reference Date as set out in the table below, which is interest-bearing; and
- (ii) pay to the Seller any additional Amount Payable of the Target Companies incurred during the Transition Period, which is interest-bearing, with reference to the Closing Audit Report.

The table below sets out the carrying amount of the Net Payable Amount of each of the Target Companies under each of the First Phase Share Purchase Agreements as at the Reference Date:

No	First Phase Share Purchase Agreements	Net Payable Amount RMB
I	Funing Xinyuan Share Purchase Agreement	98,852,749
II	Guanyun GCL Share Purchase Agreement	34,195,087
III	Donghai GCL Share Purchase Agreement	104,816,567
IV	Peixian Xinri Share Purchase Agreement	23,519,724
V	Xuzhou Xinhui Share Purchase Agreement	51,688,340
VI	Huaian Xinyuan Share Purchase Agreement	23,175,277
VII	Huaian Ronggao Share Purchase Agreement	526,065
VIII	Zhenjiang Xinli Share Purchase Agreement	63,676,597
IX	Zhenjiang Xinlong Share Purchase Agreement	72,425,521
X	Zhangjiagang GCL Share Purchase Agreement	62,962,196
XI	Nantong GCL Share Purchase Agreement	9,289,602
XII	Lianyungang Xinzhong Share Purchase Agreement	5,646,761
XIII	Xinyi Xinri Share Purchase Agreement	17,086,225
XIV	Jurong Xinda Share Purchase Agreement	53,117,635
XV	Nanjing Xinri Share Purchase Agreement	24,453,828
XVI	Baoying GCL Share Purchase Agreement	35,050,672
	Total	680,482,846

Other Undertakings

The Seller and the Purchaser agreed to be subject to certain undertakings, including but not limited to, the following undertakings:

- (i) Within 20 Business Days from the Closing Date, the Seller shall complete the delivery and handover of the corporate documents and seals of each of the Target Companies as specified in the First Phase Share Purchase Agreements to the Purchaser;
- (ii) prior to the Registration Completion Date, the Seller shall release all pledges over the Sale Shares and within 90 Days from the Registration Completion Date, the Purchaser shall provide guarantee substitution of the liabilities of the Target Companies owed to the financial institutions in order to release the existing guarantees provided by the Seller or its affiliates in respect of such liabilities; and
- (iii) in the event of any other circumstance specified in the First Phase Share Purchase Agreements that may cause the Seller to be liable for any damages or compensation to the Target Companies, the Purchaser is entitled to request the Seller to pay the actual amount of such damages or compensation to the Target Companies.

Transition Period Arrangement

During the Transition Period, the Seller and the Purchaser agreed to be subject to, including but not limited to, the following arrangements:

- (i) profit or loss of the Target Companies during the Transition Period shall be enjoyed or borne by the Purchaser; and
- (ii) the Target Companies shall not take various actions, such as payment of dividend, specified in the First Phase Share Purchase Agreements during the Transition Period before obtaining the written consent from the Purchaser.

Closing

The Closing Date shall be the date of the payment of the First Instalment under the First Phase Share Purchase Agreements. The Seller should complete the Registration Procedures and transfer the Sale Shares to the Purchaser within 20 Business Days from the Closing Date (the “**Registration Deadline**”). The Purchaser agrees to exempt the liability of the Seller in the event that (i) the delay of the completion of the Registration Procedures was caused by the delay in release of existing share charges over the Sale Shares and (ii) the Registration Procedures was completed within 90 days from the Registration Deadline.

Closing Audit

Pursuant to the First Phase Share Purchase Agreements, the Purchaser shall engage an auditing agency to audit the financial condition of the Target Companies for the Transition Period and prepare the Closing Audit Report within 15 Business Days after the Registration Completion Date.

Grant of First Phase Put Options *(Applicable to the Donghai GCL Share Purchase Agreement and the Funing Xinyuan Share Purchase Agreement only)*

Donghai GCL and Funing Xinyuan operate three and five solar power plant projects with an aggregate grid-connected capacity of approximately 36.97MW and 31.83MW respectively, amongst which:

- (i) Donghai GCL operates one Unregistered Project (“**Donghai GCL Unregistered Project**”), with a grid-connected capacity of approximately 15MW, which represents approximately 40.57% of the aggregate grid-connected capacity of all the solar power plant projects operated by Donghai GCL; and

- (ii) Funing Xinyuan operates one Unregistered Project (“**Funing Xinyuan Unregistered Project**”) operated with a grid-connected capacity of approximately 6.88MW, which represents approximately 21.62% of the aggregate grid-connected capacity of all the solar power plant projects operated by Funing Xinyuan.

In view of the above, within three years from the date of the signing of the First Phase Share Purchase Agreements, the Purchaser shall be entitled to require the Seller to repurchase the approximately 40.57% equity interest in Donghai GCL (“**Donghai GCL Equity Interest**”) and/or approximately 21.62% equity interest in Funing Xinyuan (“**Funing Xinyuan Equity Interest**”) from the Purchaser in the event that Donghai GCL Unregistered Project and/or Funing Xinyuan Unregistered Project is/are unable to be registered under the National Subsidy Catalogue.

- (i) The price for the repurchase of the Donghai GCL Equity Interest shall be no more than the following amount:

Consideration attributable to Donghai GCL Equity Interest + (Consideration attributable to Donghai GCL Equity Interest x 4.9% x 3)

Consideration attributable to Donghai GCL Equity Interest, amounting to approximately RMB29,407,600, is calculated based on the following:

Consideration under Donghai GCL Share Purchase Agreement x approximately 40.57% (being the proportion of the grid-connected capacity of the Donghai GCL Unregistered Project against the aggregate grid-connected capacity of all the solar power plant projects operated by Donghai GCL)

- (ii) The price for the repurchase of the Funing Xinyuan Equity Interest shall be no more than the following amount:

Consideration attributable to Funing Xinyuan Equity Interest + (Consideration attributable to Funing Xinyuan Equity Interest x 4.9% x 3)

Consideration attributable to Funing Xinyuan Equity Interest, amounting to approximately RMB3,849,800, is calculated based on the following:

Consideration under Funing Xinyuan Share Purchase Agreement x approximately 21.62% (being the proportion of the grid-connected capacity of the Funing Xinyuan Unregistered Project against the aggregate grid-connected capacity of all the solar power plant projects operated by Funing Xinyuan)

3. INFORMATION ON THE PARTIES TO THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The Group

The Company is incorporated in Bermuda as exempted company with limited liability. The principal business of the Company is investment holding.

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

Jiangsu GCL

Jiangsu GCL is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Jiangsu GCL is wholly-owned by Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), which is an indirect subsidiary of the Company. Jiangsu GCL is principally engaged in the development, operation and management of solar power plants in the PRC.

The Target Companies

Please refer to the section “Information on the Target Companies” for information of the Target Companies.

4. INFORMATION ON THE PURCHASER

Yixing Hechuang is a company established in the PRC with limited liability and is principally engaged in, among others, power generation, transmission, power supply business as well as engineering and construction activities in the PRC. As confirmed by Yixing Hechuang, Yixing Hechuang is a state-owned enterprise and is directly owned as to approximately 96.2% by SPIC Jiangsu and indirectly owned as to approximately 3.8% by four natural person shareholders as at the date of this announcement.

SPIC Jiangsu is (i) directly owned as to approximately 87.9% by Shanghai Electric, which is a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600021) and (ii) indirectly owned as to approximately 12.1% by Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), which is a joint stock limited company established in the PRC and dually listed on the Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398).

5. INFORMATION ON THE TARGET COMPANIES

The table below sets out the information on the Target Companies under each of the First Phase Share Purchase Agreements:

No.	First Phase Share Purchase Agreements	Information on the Target Companies
I	Funing Xinyuan Share Purchase Agreement	Funing Xinyuan is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Funing Xinyuan is principally engaged in the operation of solar power plants in the PRC.
II	Guanyun GCL Share Purchase Agreement	Guanyun GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Guanyun GCL is principally engaged in the operation of solar power plants in the PRC.
III	Donghai GCL Share Purchase Agreement	Donghai GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Donghai GCL is principally engaged in the operation of solar power plants in the PRC.
IV	Peixian Xinri Share Purchase Agreement	Peixian Xinri is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Peixian Xinri is principally engaged in the operation of solar power plants in the PRC.
V	Xuzhou Xinhui Share Purchase Agreement	Xuzhou Xinhui is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Xuzhou Xinhui is principally engaged in the operation of solar power plants in the PRC.

No.	First Phase Share Purchase Agreements	Information on the Target Companies
VI	Huaian Xinyuan Share Purchase Agreement	Huaian Xinyuan is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Huaian Xinyuan is principally engaged in the operation of solar power plants in the PRC.
VII	Huaian Ronggao Share Purchase Agreement	Huaian Ronggao is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Huaian Ronggao is principally engaged in the operation of solar power plants in the PRC.
VIII	Zhenjiang Xinli Share Purchase Agreement	Zhenjiang Xinli is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Zhenjiang Xinli is principally engaged in the operation of solar power plants in the PRC.
IX	Zhenjiang Xinlong Share Purchase Agreement	Zhenjiang Xinlong is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Zhenjiang Xinlong is principally engaged in the operation of solar power plants in the PRC.
X	Zhangjiagang GCL Share Purchase Agreement	Zhangjiagang GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Zhangjiagang GCL is principally engaged in the operation of solar power plants in the PRC.
XI	Nantong GCL Share Purchase Agreement	Nantong GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Nantong GCL is principally engaged in the operation of solar power plants in the PRC.

No.	First Phase Share Purchase Agreements	Information on the Target Companies
XII	Lianyungang Xinzhong Share Purchase Agreement	Lianyungang Xinzhong is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Lianyungang Xinzhong is principally engaged in the operation of solar power plants in the PRC.
XIII	Xinyi Xinri Share Purchase Agreement	Xinyi Xinri is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Xinyi Xinri is principally engaged in the operation of solar power plants in the PRC.
XIV	Jurong Xinda Share Purchase Agreement	Jurong Xinda is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Jurong Xinda is principally engaged in the operation of solar power plants in the PRC.
XV	Nanjing Xinri Share Purchase Agreement	Nanjing Xinri is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Nanjing Xinri is principally engaged in the operation of solar power plants in the PRC.
XVI	Baoying GCL Share Purchase Agreement	Baoying GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL and an indirect subsidiary of the Company. Baoying GCL is principally engaged in the operation of solar power plants in the PRC.

Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2019 and 31 December 2020 of each of the Target Companies prepared in accordance with China Accounting Standards:

First Phase Share Purchase Agreements	Target Companies	For the year ended 31 December			
		2020		2019	
		Profit before taxation RMB'000	Profit after taxation RMB'000	Profit before taxation RMB'000	Profit after taxation RMB'000
I	Funing Xinyuan	7,349	6,632	4,999	4,518
II	Guanyun GCL	5,967	5,579	4,653	4,653
III	Donghai GCL	14,678	13,776	16,010	15,044
IV	Peixian Xinri	4,778	4,776	4,513	4,512
V	Xuzhou Xinhui	2,280	2,049	6,152	6,152
VI	Huaian Xinyuan	4,284	3,739	3,042	3,025
VII	Huaian Ronggao	2,743	2,315	3,777	3,274
VIII	Zhenjiang Xinli	3,161	2,688	3,007	2,708
IX	Zhenjiang Xinlong	8,113	7,476	6,669	6,669
X	Zhangjiagang GCL	5,804	5,078	5,940	5,940
XI	Nantong GCL	1,906	1,575	1,864	1,606
XII	Lianyungang Xinzong	507	507	659	659
XIII	Xinyi Xinri	4,228	4,228	3,889	3,889
XIV	Jurong Xinda	1,838	1,492	2,017	1,776
XV	Nanjing Xinri	1,991	1,665	1,618	1,618
XVI	Baoying GCL	2,910	2,563	1,430	1,259

The unaudited net assets as at the Reference Date (i.e. 28 February 2021) and the audited net assets as at 31 December 2020 of the Target Companies amounted to approximately RMB526,478,046 and approximately RMB505,533,154, respectively.

6. FINANCIAL IMPACT OF THE DISPOSALS

After the Registration Completion Date, the Target Companies will cease to be subsidiaries of the Group, and the profit and loss, as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group.

As at the date of this announcement, it is estimated that the Group will realise a net loss on the First Phase Disposals of approximately RMB50,494,946 and such loss is calculated with reference to the difference between the aggregate Consideration of approximately RMB481,313,800, minus the Rectification Cost of RMB5,330,700 and the net asset value of the disposed Sale Shares based on the unaudited financial statements of the Target Companies as at the Reference Date (i.e. 28 February 2021) of approximately RMB526,478,046. The actual loss as a result of the First Phase Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the First Phase Disposals.

7. USE OF PROCEEDS FROM THE DISPOSALS

The net cash proceeds from the Transactions (including the sum of the aggregate Consideration and the aggregate Net Payable Amount as at the Reference Date minus the aggregate Rectification Cost) is expected to be approximately RMB1,156,465,946, which the Company intends to use for repayment of its debts.

8. REASONS FOR AND BENEFITS OF THE DISPOSALS

As part of its “transformation and upgrade” development objective, the Company has been taking steps towards transforming to an asset-light model. Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the Group, and the profit and loss as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB1,242,116,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB1,156,465,946 will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 1%, calculated with reference to the audited financial statements of the Group as at 31 December 2020, thus effectively reducing the financial risks.

The Company intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including Shanghai Electric to achieve an asset-light model. After entering into the Transactions, the Group and Shanghai Electric will further explore other co-operation opportunities, including but not limited to, in relation to the Group’s existing solar power plants and new solar power plants to be developed in the PRC. The Company and Shanghai Electric are proactively promoting the aforementioned cooperation, and plan to reach and execute more agreements in relation to disposals or joint development of solar power plants in the near future.

Based on the above reasons and having considered all relevant factors, the Directors believe and consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the First Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio in respect of the First Phase Disposals exceeds 5% but is less than 25%, the entering into of the First Phase Disposals constitutes a discloseable transaction for the Company and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Given that the exercise of the First Phase Put Options is not at the discretion of the Company, pursuant to Rule 14.74 of the Listing Rules, the grant of the First Phase Put Options will be classified as if they had been exercised. Since the highest applicable percentage ratio in respect of the First Phase Put Options is less than 5%, the granting of the First Phase Put Options does not constitute a notifiable transaction for the Company.

10. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement.

“affiliates”	for the purpose of the announcement, means affiliates of each of the Target Companies
“Amount Payable”	the amount payable (if any) by the Target Companies to the Seller and its affiliates (if applicable, including other subsidiaries of the Company)
“Amount Receivable”	the amount receivable (if any) by the Target Companies from the Seller and its affiliates (if applicable, including other subsidiaries of the Company)
“Baoying GCL”	Baoying GCL Photovoltaic Power Co., Ltd.* (寶應協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Baoying GCL Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Baoying GCL
“Board”	the board of Directors
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial condition of the Target Companies during the Transition Period in accordance with the First Phase Share Purchase Agreements

“Closing Date”	the date of the payment of the First Instalment under the First Phase Share Purchase Agreements
“Company”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the First Phase Disposals
“Directors”	the directors of the Company
“Donghai GCL”	Donghai GCL Photovoltaic Power Co., Ltd.* (東海縣協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Donghai GCL Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Donghai GCL
“First Phase Disposals”	the proposed disposals of the entire equity interest in each of the Target Companies as contemplated under the First Phase Share Purchase Agreements
“First Phase Put Options”	the put options granted to the Purchaser under the Donghai GCL Share Purchase Agreement and the Funing Xinyuan Share Purchase Agreement, pursuant to which the Purchaser is entitled to request the Seller to repurchase the Donghai GCL Equity Interest and Funing Xinyuan Equity Interest from the Purchaser

<p>“First Phase Share Purchase Agreements” and each a “First Phase Share Purchase Agreement”</p>	<p>Funing Xinyuan Share Purchase Agreement, Guanyun GCL Share Purchase Agreement, Donghai GCL Share Purchase Agreement, Peixian Xinri Share Purchase Agreement, Xuzhou Xinhui Share Purchase Agreement, Huaian Xinyuan Share Purchase Agreement, Huaian Ronggao Share Purchase Agreement, Zhenjiang Xinli Share Purchase Agreement, Zhenjiang Xinlong Share Purchase Agreement, Zhangjiagang GCL Share Purchase Agreement, Nantong GCL Share Purchase Agreement, Lianyungang Xinzhong Share Purchase Agreement, Xinyi Xinri Share Purchase Agreement, Jurong Xinda Share Purchase Agreement, Nanjing Xinri Share Purchase Agreement and Baoying GCL Share Purchase Agreement</p>
<p>“Funing Xinyuan”</p>	<p>Funing Xinyuan Photovoltaic Power Co., Ltd.* (阜寧縣鑫源光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement</p>
<p>“Funing Xinyuan Share Purchase Agreement”</p>	<p>an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Funing Xinyuan</p>
<p>“Group”</p>	<p>the Company and its subsidiaries</p>
<p>“Guanyun GCL”</p>	<p>Guanyun GCL Photovoltaic Power Co., Ltd.* (灌雲縣協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement</p>
<p>“Guanyun GCL Share Purchase Agreement”</p>	<p>an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Guanyun GCL</p>
<p>“Hong Kong”</p>	<p>Hong Kong Special Administrative Region of the PRC</p>
<p>“Huaian Ronggao”</p>	<p>Huaian Ronggao Photovoltaic Power Generation Co., Ltd.* (淮安融高光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement</p>

“Huaian Ronggao Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Huaian Ronggao
“Huaian Xinyuan”	Huaian Xinyuan Photovoltaic Power Co., Ltd.* (淮安鑫源光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Huaian Xinyuan Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Huaian Xinyuan
“Jurong Xinda”	Jurong Xinda Photovoltaic Power Generation Co., Ltd.* (句容信達光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Jurong Xinda Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Jurong Xinda
“Lianyungang Xinzhong”	Lianyungang Xinzhong Photovoltaic Power Co., Ltd.* (連雲港鑫眾光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Lianyungang Xinzhong Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Lianyungang Xinzhong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Nanjing Xinri”	Nanjing Xinri Photovoltaic Power Generation Co., Ltd.* (南京鑫日光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement

“Nanjing Xinri Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Nanjing Xinri
“Nantong GCL”	Nantong GCL New Energy Co., Ltd.* (南通協鑫新能源有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Nantong GCL Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Nantong GCL
“National Subsidy Catalogue”	National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) under the Renewable Energy Law (中華人民共和國可再生能源法)
“Net Payable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is more than the Amount Receivable
“Peixian Xinri”	Peixian Xinri Photovoltaic Power Co., Ltd.* (沛縣鑫日光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Peixian Xinri Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Peixian Xinri
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser” or “Yixing Hechuang”	Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司), a company established in the PRC with limited liability and a subsidiary of Shanghai Electric and an independent third party to the Company
“Reference Date”	28 February 2021

“Registration Completion Date”	the date of the completion of the Registration Procedures
“Registration Procedures”	the registration procedures in respect of the change of shareholder of the Target Companies and other relevant filing procedures in respect of the First Phase Disposals in the PRC
“RMB”	the lawful currency of the PRC
“Sale Shares”	the entire equity interest of each of the Target Companies held by Jiangsu GCL as at the date of this announcement
“Seller” or “Jiangsu GCL”	Jiangsu GCL New Energy Co., Ltd.* (江蘇協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Shanghai Electric”	Shanghai Electric Power Company Limited (上海電力股份有限公司) (stock code: 600021), a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange and a state-owned enterprise in the PRC
“Shareholders”	the shareholders of the Company
“SPIC Jiangsu”	State Power Investment Group Jiangsu Power Co., Ltd.* (國家電投集團江蘇電力有限公司), a company established in the PRC and a subsidiary of Shanghai Electric
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Target Companies” and each a “Target Company”	Funing Xinyuan, Guanyun GCL, Donghai GCL, Peixian Xinri, Xuzhou Xinhui, Huaian Xinyuan, Huaian Ronggao, Zhenjiang Xinli, Zhenjiang Xinlong, Zhangjiagang GCL, Nantong GCL, Lianyungang Xinzhong, Xinyi Xinri, Jurong Xinda, Nanjing Xinri and Baoying GCL
“Transactions”	the transactions contemplated under the First Phase Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the Registration Completion Date

“Unregistered Project”	solar power plant project which is pending to be registered in the National Subsidy Catalogue
“Xinyi Xinri”	Xinyi Xinri Photovoltaic Power Co., Ltd.* (新沂鑫日光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Xinyi Xinri Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Xinyi Xinri
“Xuzhou Xinhui”	Xuzhou Xinhui Photovoltaic Power Co., Ltd.* (徐州鑫輝光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Xuzhou Xinhui Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Xuzhou Xinhui
“Zhangjiagang GCL”	Zhangjiagang GCL Photovoltaic Power Co., Ltd.* (張家港協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Zhangjiagang GCL Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Zhangjiagang GCL
“Zhenjiang Xinli”	Zhenjiang Xinli Photovoltaic Power Co., Ltd.* (鎮江鑫利光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Zhenjiang Xinli Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Zhenjiang Xinli

“Zhenjiang Xinlong”	Zhenjiang Xinlong Photovoltaic Power Co., Ltd.* (鎮江鑫龍光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Seller and an indirect subsidiary of the Company as at the date of this announcement
“Zhenjiang Xinlong Share Purchase Agreement”	an equity transfer agreement dated 21 July 2021 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest in Zhenjiang Xinlong
“%”	per cent.

* *All of the English titles or names of the PRC entities, as well as certain items contained in this announcement have been included for identification purpose only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.*

By order of the Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Zhu Yufeng
Chairman

Hong Kong, 21 July 2021

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Liu Genyu (Vice Chairman) and Ms. Hu Xiaoyan as executive directors of the Company; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive directors of the Company; and Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive directors of the Company.