

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VERY SUBSTANTIAL DISPOSAL DISPOSAL OF A SUBSIDIARY

THE PREVIOUS DISPOSALS

Reference is made to the (i) joint announcement of GCL-Poly and the Company dated 30 August 2021 in relation to the Previous De Minimis Disposal and the First Phase Disposals, (ii) the announcement of the Company dated 13 September 2021 and the circular of the Company dated 29 October 2021 in relation to the Second Phase Disposals and (iii) the announcement of the Company dated 25 January 2022 in relation to the Third Phase Disposal. Unless otherwise defined herein, the capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 12 July 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Previous De Minimis Agreement. Pursuant to the Previous De Minimis Agreement, Suzhou GCL New Energy agreed to, among other things, sell the entire equity interest in Yanyuan Xian Baiwu to Hunan Xinhua.

On 30 August 2021 (after trading hours), Suzhou GCL New Energy and Xian GCL New Energy, indirect subsidiaries of the Company (as the sellers) and Ningxia Hanguang (as the purchaser) entered into the First Phase 90% Equity Interest Share Purchase Agreements and the First Phase 10% Equity Interest Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, Suzhou GCL New Energy and Xian GCL New Energy agreed to, among other things, sell the entire equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL to Ningxia Hanguang by stages.

On 13 September 2021 (after trading hours), Xian GCL New Energy, an indirect subsidiary of the Company (as the seller) and Ningxia Hanguang (as the purchaser) entered into the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, Xian GCL New Energy agreed to, among other things, sell the entire equity interest in each of Shenmu Jingfu and Shenmu Jingpu by stages.

On 25 January 2022 (after trading hours), Ningxia GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Third Phase Share Purchase Agreement. Pursuant to the Third Phase Share Purchase Agreement, Ningxia GCL New Energy agreed to, among other things, sell the entire equity interest in Ningxia Xinken to Hunan Xinhua.

THE FOURTH PHASE SHARE PURCHASE AGREEMENT

On 21 March 2022 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Fourth Phase Share Purchase Agreement. Pursuant to the Fourth Phase Share Purchase Agreement, Suzhou GCL New Energy agreed to, among other things, (a) sell 90.1% equity interest in the Target Company to Hunan Xinhua and (b) sell 9.9% equity interest in the Target Company to Hunan Xinhua after the Seller acquiring such equity interest from Qingdao Changsheng.

Upon completion of the Fourth Phase Initial Disposal, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company upon the Fourth Phase Initial Disposal.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB153,913,000 minus (ii) expected maximum Rectification Amount amounting to approximately RMB3,470,000, (iii) the Net Receivable Amount amounting to approximately RMB6,402,777 and (iv) transaction costs amounting to approximately RMB1,000,000) is expected to be approximately RMB143,040,223, which the Company intends to use for repayment of its bonds and senior notes and other loans from independent third parties.

LISTING RULES IMPLICATIONS

As the Seller, Xian GCL New Energy and Ningxia GCL New Energy, being the indirect subsidiaries of the Company, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements, the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement with Xinhua Hydropower Group within a 12-month period, the Disposals shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios of the Disposals (on an aggregated basis) exceeds 75%, the entering into of the Fourth Phase Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, it is expected that the acquisition of the Fourth Phase Subsequent Sale Shares by the Seller from Qingdao Changsheng will not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the Listing Rules as and when required in the unlikely event that such acquisition constitutes a notifiable transaction under the Listing Rules.

GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Fourth Phase Share Purchase Agreement. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Fourth Phase Share Purchase Agreement, is expected to be despatched to the Shareholders on or before 31 May 2022, as additional time is required to prepare the information to be disclosed in the circular.

1. INTRODUCTION

Reference is made to the (i) joint announcement of GCL-Poly and the Company dated 30 August 2021 in relation to the Previous De Minimis Disposal and the First Phase Disposals, (ii) the announcement of the Company dated 13 September 2021 and the circular of the Company dated 29 October 2021 in relation to the Second Phase Disposals and (iii) the announcement of the Company dated 25 January 2022 in relation to the Third Phase Disposal. Unless otherwise defined herein, the capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 12 July 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Previous De Minimis Agreement. Pursuant to the Previous De Minimis Agreement, Suzhou GCL New Energy agreed to, among other things, sell the entire equity interest in Yanyuan Xian Baiwu New Energy Technology Co., Ltd.* (鹽源縣白烏新能源科技有限公司) (“**Yanyuan Xian Baiwu**”) to Hunan Xinhua.

On 30 August 2021 (after trading hours), Suzhou GCL New Energy and Xian GCL New Energy, indirect subsidiaries of the Company (as the sellers) and Ningxia Hanguang (as the purchaser) entered into the First Phase 90% Equity Interest Share Purchase Agreements and the First Phase 10% Equity Interest Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, Suzhou GCL New Energy and Xian GCL New Energy agreed to, among other things, sell the entire equity interest in each of Shenmu Pingyuan Power Co., Ltd.* (神木市平元電力有限

公司) (“**Shenmu Pingyuan**”), Shenmu Pingxi Power Co., Ltd.* (神木市平西電力有限公司) (“**Shenmu Pingxi**”), Shenmu County Jingdeng Power Co., Ltd.* (神木縣晶登電力有限公司) (“**Shenmu County Jingdeng**”) and Xixian New District GCL Photovoltaic Power Co., Ltd.* (西咸新區協鑫光伏電力有限公司) (“**Xixian New District GCL**”) to Ningxia Hanguang by stages.

On 13 September 2021 (after trading hours), Xian GCL New Energy, an indirect subsidiary of the Company (as the seller) and Ningxia Hanguang (as the purchaser) entered into the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, Xian GCL New Energy agreed to, among other things, sell the entire equity interest in each of Shenmu Jingfu Power Co., Ltd.* (神木市晶富電力有限公司) (“**Shenmu Jingfu**”) and Shenmu Jingpu Power Co., Ltd.* (神木市晶普電力有限公司) (“**Shenmu Jingpu**”) by stages.

On 25 January 2022 (after trading hours), Ningxia GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Third Phase Share Purchase Agreement. Pursuant to the Third Phase Share Purchase Agreement, Ningxia GCL New Energy agreed to, among other things, sell the entire equity interest in Ningxia Xinken to Hunan Xinhua.

On 21 March 2022 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Fourth Phase Share Purchase Agreement. Pursuant to the Fourth Phase Share Purchase Agreement, Suzhou GCL New Energy agreed to, among other things, (a) sell 90.1% equity interest in the Target Company to Hunan Xinhua and (b) sell 9.9% equity interest in the Target Company to Hunan Xinhua after the Seller acquiring such equity interest from Qingdao Changsheng.

Upon completion of the Fourth Phase Initial Disposal, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company upon completion of the Fourth Phase Initial Disposal.

2. THE FOURTH PHASE SHARE PURCHASE AGREEMENT

The principal terms of the Fourth Phase Share Purchase Agreement are set out below:

Date

21 March 2022

Parties

- (i) The Seller: Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
- (ii) The Purchaser: Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司)

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 90.1% equity interest held in the Target Company will be sold by the Seller to the Purchaser. The Seller shall further sell 9.9% equity interest in the Target Company to the Purchaser after the Seller acquiring such equity interest from Qingdao Changsheng.

The Target Company owns a operational solar power plant in the PRC with grid-connected capacity of approximately 30MW.

For further information relating to the Target Company, please refer to the section headed "Information on the Target Company" below.

Consideration

The aggregate consideration for the Sale Shares under the Fourth Phase Share Purchase Agreement is RMB153,913,000, which comprises:

- (i) RMB138,522,000, being the consideration for the Fourth Phase Initial Sale Shares held by the Seller (the "**Fourth Phase Initial Consideration**"); and
- (ii) RMB15,391,000, being the consideration for the Fourth Phase Subsequent Sale Shares which will be held by the Seller after acquiring the same from Qingdao Changsheng (the "**Fourth Phase Subsequent Consideration**").

Basis of the Consideration

The Consideration under the Fourth Phase Share Purchase Agreement 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 the Target Company as at the Reference Date;
- (ii) the profitability of the Target Company 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 Company" of this announcement;
- (iii) the reasons for the Fourth Phase Disposal as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and
- (iv) the cash flow position of the Target Company as at the Reference Date.

Payment Arrangement of the Consideration

The Consideration under the Fourth Phase Share Purchase Agreement shall be paid by the Purchaser to the Seller in the following manner:

First instalment: The Purchaser shall pay a total of RMB83,112,000 (the “**First Instalment**”) to the Seller within five Business Days upon the signing of the Fourth Phase Share Purchase Agreement.

Second instalment: Subject to the deduction of the Rectification Amount, the Purchaser shall pay a total of RMB55,410,000, being the remaining balance of the Fourth Phase Initial Consideration (the “**Second Instalment**”), to the Seller within five Business Days after the fulfilment of all of the following conditions:

- (i) the Handover of Account Passwords and Seals and the Handover of Assets and Information have been completed;
- (ii) the Shareholders have approved the Transactions; and
- (iii) the Registration Procedures in respect of the Fourth Phase Initial Disposal have been completed.

Third instalment: The Purchaser shall pay a total of RMB15,391,000, being the Fourth Phase Subsequent Consideration (the “**Third Instalment**”), to the Seller within five Business Days after the fulfilment of all of the following conditions:

- (i) the Shareholders has approved the Transactions;
- (ii) the Seller have acquired the Fourth Phase Subsequent Sale Shares from Qingdao Changsheng; and
- (iii) the Registration Procedures in respect of the Fourth Phase Subsequent Disposal have been completed.

Payment arrangement of the Net Receivable Amount

The Amount Payable as at the Closing Date will be set off against the Amount Receivable as at the Closing Date in order to ascertain (i) the Net Payable Amount as at the Closing Date payable by the Target Company to the Seller, which such payment of the Target Company shall be procured by the Purchaser and paid to the Seller within 45 days from the Fourth Phase Initial Closing, or (ii) the Net Receivable Amount as at the Closing Date payable by the Seller to Target Company within 45 days from the Fourth Phase Initial Closing.

The Net Payable Amount or the Net Receivable Amount (as the case may be) shall be determined in accordance with the Closing Audit Report. As at the Reference Date, the Net Receivable Amount payable by the Seller to the Target Company is approximately RMB6,402,777.

Payment arrangement of the Rectification Amount

The Seller undertakes to rectify the engineering and compliance defects specified under the Fourth Phase Share Purchase Agreement within one month from the Fourth Phase Initial Closing Date. The maximum Rectification Amount under the Fourth Phase Share Purchase Agreement amounts to RMB3,470,000.

If the Seller fails to rectify certain engineering and compliance defects within the agreed deadline, the Purchaser shall be entitled to deduct the Rectification Amount from the Second Instalment payable by the Purchaser to the Seller.

Other Undertakings

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

- (i) the Handover of Account Passwords and Seals shall complete on the Fourth Phase Initial Closing Date and the Handover of Assets and Information shall complete within ten Business Days from the Fourth Phase Initial Closing Date;
- (ii) within six months after the Fourth Phase Initial Closing Date, the Purchaser undertakes to provide guarantee substitution or procure the Target Company's early repayment of its liabilities owed to the financial institutions in order to release the existing guarantees provided by the Seller or its affiliates in respect of such liabilities;
- (iii) within three years from the Fourth Phase Initial Closing Date, if the tax authority imposes any supplemental tax amount, surcharge or penalty on the Target Company in connection to the laws and policies existed prior to the Fourth Phase Initial Closing Date, such amount payable by the Target Company to the tax authority shall be borne by the Seller and the Purchaser is entitled to recover such amount paid by the Purchaser and Target Company to the tax authority from the Seller;
- (iv) in the event of any other circumstance specified in the Fourth Phase Share Purchase Agreement that may cause the Seller to be liable for any damages or compensation to the Target Company, the Purchaser is entitled to request the Seller to pay the amount of such damages or compensation; and
- (v) the Purchaser shall acquire the Fourth Phase Subsequent Sale Shares from the Seller within seven Business Days after the Seller has acquired the Fourth Phase Subsequent Sale Shares from Qingdao Changsheng.

Conditions Precedent

The Fourth Phase Initial Closing under the Fourth Phase Share Purchase Agreement shall take place within five Business Days upon the fulfilment of all of the following conditions:

- (i) the relevant procedures in relation to the discharge of the Existing Share Pledges have been completed;
- (ii) the relevant permits, approvals and authorisations specified in the Fourth Phase Share Purchase Agreement have been obtained in accordance with the applicable laws; and
- (iii) the Shareholders have approved the Transactions.

The Seller and the Purchaser shall cooperate to discharge the Existing Share Pledges within 90 Business Days from the date of Fourth Phase Share Purchase Agreement. In the event that the Seller fails to complete the relevant procedures in relation to the discharge of Existing Share Pledges within 90 Business Days from the date of Fourth Phase Share Purchase Agreement, either party is entitled to terminate the Fourth Phase Share Purchase Agreement.

If the Registration Procedures in respect of the Fourth Phase Initial Disposal does not complete within 120 Business Days from the payment of the First Instalment due to the reasons caused by the Seller, the Purchaser shall have the right to unilaterally terminate the Fourth Phase Share Purchase Agreement. The Registration Procedures in relation to the Fourth Phase Initial Disposal are expected to complete on or before 31 August 2022.

Transition Period Arrangement

During the Transition Period, the profit or loss of the Target Company shall be enjoyed or borne by the Purchaser.

Closing Audit Report

Pursuant to the Fourth Phase Share Purchase Agreement, the Purchaser shall engage an auditing agency to audit the financials of the Target Company for the period from the Reference Date to the Fourth Phase Initial Closing Date and prepare the Closing Audit Report within a month after the Fourth Phase Initial Closing Date.

3. INFORMATION ON THE PARTIES TO THE FOURTH PHASE SHARE PURCHASE AGREEMENT

The Company

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. As at the date of this announcement, the Company is a subsidiary of GCL-Poly.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company. Suzhou GCL New Energy is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment. Suzhou GCL New Energy indirectly owns a majority of solar power plants of the Company in the PRC.

4. INFORMATION ON THE PURCHASER

Hunan Xinhua is a company established in the PRC with limited liability. Hunan Xinhua is mainly engaged in investment of power infrastructure and hydropower projects, consultancy services of hydropower technology and power projects, power business, contracting of mechanical engineering constructions and power facilities, as well as sale, design, development and maintenance of power and mechanical engineering equipment.

As confirmed by Hunan Xinhua and as at the date of this announcement, Hunan Xinhua is held as to approximately 99.63% by Xinhua Hydropower Company Limited* (新華水力發電有限公司) (“**Xinhua Hydropower**”) and approximately 0.37% by Hunan Sheng Hydropower Company Limited* (湖南省水利電力有限責任公司) (“**Hunan Sheng Hydropower**”). Xinhua Hydropower is owned as to (i) 55% by China National Nuclear Corporation* (中國核工業集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council in the PRC, and (ii) 45% by Xinhua Water Conservancy Holding Group Co., Ltd.* (新華水利控股集團有限公司), which is in turn wholly-owned by Comprehensive Affairs Bureau of the Ministry of Water Resources* (水利部綜合事業局) in the PRC. Hunan Sheng Hydropower is owned as to (i) approximately 95.38% by Hunan Water Conservancy Development Investment Co., Ltd.* (湖南省水利發展投資有限公司), which is in turn indirectly owned as to 91% by the State-owned Assets Supervision and Administration Commission of the People’s Government of Hunan Province in the PRC and 9% by the People’s Government of Hunan Province, and (ii) approximately 4.62% by 31 other entities, amongst which, no individual entity owned over 0.8% equity interest in Hunan Sheng Hydropower.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Hunan Xinhua and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

5. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and an indirect subsidiary of the Company, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Qingdao Changsheng Ridian Solar Technology Co., Ltd.* (青島昌盛日電太陽能科技股份有限公司), an independent third party to the Company. The Target Company 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 year ended 31 December 2019 and financial year ended 31 December 2020 of the Target Company prepared in accordance with China Accounting Standards:

For the year ended 31 December			
2020		2019	
Profit before taxation	Profit after taxation	Profit before taxation	Profit after taxation
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
12,085,670	11,257,243	12,039,451	11,117,258

The unaudited net assets as at 31 December 2021, the unaudited net assets as at the Reference Date (i.e. 31 August 2021) and the audited net assets as at 31 December 2020 of the Target Company amounted to approximately RMB139,443,271, RMB136,824,500 and RMB127,817,426, respectively.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

Upon the Fourth Phase Initial Closing, the Target Company will cease to be a subsidiary of the Group, and the profit and loss, as well as the assets and liabilities of the Target Company 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 gain on the Fourth Phase Disposal of approximately RMB12,618,500 and such gain is calculated with reference to the difference between the Consideration of approximately RMB153,913,000 and the net asset value of the Target Company based on the unaudited financial statements of the Target Company as at the Reference Date of approximately RMB136,824,500, after deducting expected Rectification Amount amounting to approximately RMB3,470,000 and related transaction costs amounting to approximately RMB1,000,000. The actual gain as a result of the Fourth Phase Disposal to be recorded by the Group is subject to audit and will be reassessed after completion of the Fourth Phase Disposal.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB153,913,000 minus (ii) expected maximum Rectification Amount amounting to approximately RMB3,470,000, (iii) the Net Receivable Amount amounting to approximately RMB6,402,777 and (iv) transaction costs amounting to approximately RMB1,000,000) is expected to be approximately RMB143,040,223, which the Company intends to use for repayment of its bonds and senior notes and other loans from independent third parties.

8. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon the Fourth Phase Initial Closing, the Target Company will no longer be a subsidiary of the Group, and the profit and loss as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB141,697,271. Furthermore, the cash derived from the Transactions amounting to approximately RMB143,040,223 will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 0.26%, calculated with reference to the unaudited financial statements of the Group as at 30 June 2021, thus effectively reducing the financial risks.

The Transactions are one of the important steps taken by the Company to achieve its “transformation and upgrade” development objective and transformation to an asset-light model.

Solar power generating business is the principal business engaged by the Company. Solar power generating business is also a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plants while the recovery of capital investment takes a long period of time. Given the Company highly relies on external financing in order to obtain investment capital for new solar power plant project development, any interest rate changes will have an impact on the capital expenditure and finance expenses of the Company, hence, affecting its operating results. Therefore, transformation into an asset-light model, being the business model adopted by the Company, is an effective way to reduce its debts and interest rate exposure. The Company intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including the Purchaser to achieve an asset-light model.

In 2021 and until the date of this announcement, the Group has entered into various share purchase agreements to dispose its equity interests in its subsidiaries. As disclosed in the circular of the Company dated 29 October 2021, the Group had entered into a series of share purchase agreements in the year of 2021 to dispose its equity interest in certain subsidiaries (the “**2021 Disposals**”).

On 25 January 2022 and 21 March 2022, the Group and Hunan Xinhua have entered into the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement (the “**2022 Hunan Xinhua Disposals**”).

On 16 March 2022, the Group and Jiangsu Hesheng New Energy Co., Ltd.* (江蘇和盛新能源有限公司) (“**Jiangsu Hesheng**”) have entered into a series of six share purchase agreements, pursuant to which the Group agreed to, among other things, sell (i) the entire equity interest in each of Gaoyou GCL Photovoltaic Power Company Limited (高郵協鑫光伏電力有限公司), Nantong Haide New Energy Co., Ltd.* (南通海德新能源有限公司), Pizhou GCL Photovoltaic Power Co., Ltd.* (邳州協鑫光伏電力有限公司), Suqian Green Energy Power Co., Ltd.* (宿遷綠能電力有限公司) and Suzhou Industrial Park Dingyu Solar Power Co., Ltd.* (蘇州工業園區鼎裕太陽能電力有限公司) and (ii) 60% equity interest in Jiangsu GCL Haibin New Energy Technology Development Co., Ltd.* (江蘇協鑫海濱新能源科技發展有限公司) to Jiangsu Hesheng (the “**Jiangsu Hesheng Disposals**”, together with the 2022 Hunan Xinhua Disposals, the “**2022 Disposals**”). Please refer to the announcement of the Company dated 16 March 2022 in relation to the Jiangsu Hesheng Disposals for further details.

For the purpose of this section, the Remaining Group shall mean the Group after completion of the 2021 Disposals and the 2022 Disposals.

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 Fourth Phase Share Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The table below sets out the respective number of solar power plants operated by the Remaining Group and their respective locations upon the completion of the 2021 Disposals and 2022 Disposals:

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
Jiangsu	2	23
Inner Mongolia	4	189
Henan	3	9
Shandong	5	149
Hebei	1	21
Jilin	4	51
Liaoning	3	60
Gansu	1	20
Zhejiang	1	21
Guangdong	4	13
Shanghai	1	7
Fujian	3	56
United States	2	134
Total	<u>34</u>	<u>753</u>

Through the divestiture of the operational solar power plants of the Target Company, the asset-light model allows the Group to optimise the finance structure by lowering gearing ratio as well as reducing debt and interest rate exposure.

In addition to optimising the finance structure under the asset-light model, the Group sought to explore opportunities to expand its business by providing more operation, management and maintenance services, in particular to other solar power plant operators in the PRC (including purchasers of certain solar power plant projects disposed by the Group), thereby generating an additional and stable source of income. Furthermore, the Group will continue to explore new mode of collaboration between central enterprises and state-owned enterprises and private enterprises using a “development-build-transfer” and “joint development with external parties” under the asset-light model. As such, the Group could leverage on its established development strength, scientific research capabilities and extensive experience in intelligent operation in the solar energy development and power operation sector while continue to reduce its finance cost and the size of debts.

The Group continued to provide operation and maintenance services for most of the disposed solar power plant projects under the 2021 Disposals and the 2022 Disposals and was contracted to provide operation and maintenance services for additional 16 solar power plants with total installed capacity of approximately 719 MW during the six months ended 30 June 2021. As of 30 June

2021, the Group had entered into various contracts to provide operation and maintenance services for 56 solar power plants with total installed capacity of approximately 2,390 MW to successfully accomplish market-oriented reform and asset-light transformation. The Group expects to have further approximately 1,340 MW operation and maintenance services contracts for solar power plants upon the completion of the previously disposed but not yet completed solar power plants as at 30 June 2021.

9. LISTING RULES IMPLICATIONS

As the Seller, Xian GCL New Energy and Ningxia GCL New Energy, being the indirect subsidiaries of the Company, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements, the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement with Xinhua Hydropower Group within a 12-month period, the Disposals shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios of the Disposals (on an aggregated basis) exceeds 75%, the entering into of the Fourth Phase Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, it is expected that the acquisition of the Fourth Phase Subsequent Sale Shares by the Seller from Qingdao Changsheng will not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the Listing Rules as and when required in the unlikely event that such acquisition constitutes a notifiable transaction under the Listing Rules.

10. GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Fourth Phase Share Purchase Agreement. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Fourth Phase Share Purchase Agreement, is expected to be despatched to the Shareholders on or before 31 May 2022, as additional time is required to prepare the information to be disclosed in the circular.

11. DEFINITIONS

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

“affiliates”	for the purpose of this announcement, means affiliates of the Target Company, which shall include Suzhou GCL New Energy
“Amount Payable”	the amount payable (if any) by the Target Company to the Seller and its affiliates (if applicable, including other subsidiaries of the Company) under the Fourth Phase Share Purchase Agreement
“Amount Receivable”	the amount receivable (if any) by the Target Company from the Seller and its affiliates (if applicable, including other subsidiaries of the Company) under the Fourth Phase Share Purchase Agreement
“Announcement”	the announcement of the Company dated 25 January 2022 in relation to the Third Phase Disposal
“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 status of the Target Company in the period from the Reference Date to the Fourth Phase Initial Closing Date in accordance with the Fourth Phase Share Purchase Agreement
“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 Fourth Phase Initial Consideration and the Fourth Phase Subsequent Consideration
“Directors”	the directors of the Company
“Disposals”	the Previous Disposals and the Fourth Phase Disposal
“Existing Share Pledges”	the pledges of the Fourth Phase Initial Sale Shares by Suzhou GCL New Energy to certain financial institutions
“First Phase 10% Equity Interest Share Purchase Agreements”	a series of four equity transfer agreements dated 30 August 2021 entered into between Suzhou GCL New Energy, Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL
“First Phase 90% Equity Interest Share Purchase Agreements”	a series of four equity transfer agreements dated 30 August 2021 entered into between Suzhou GCL New Energy, Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL
“First Phase Disposals”	the disposal of the entire equity interest in Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL by stages as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	the First Phase 90% Equity Interest Share Purchase Agreements and the First Phase 10% Equity Interest Share Purchase Agreements
“Fourth Phase Disposal”	the Fourth Phase Initial Disposal and Fourth Phase Subsequent Disposal
“Fourth Phase Initial Closing”	closing of the Fourth Phase Initial Disposal in accordance with the Fourth Phase Share Purchase Agreement
“Fourth Phase Initial Closing Date”	the date of completion of the Registration Procedures in respect of the Fourth Phase Initial Disposal
“Fourth Phase Initial Disposal”	the proposed disposal of 90.1% equity interest in the Target Company by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Fourth Phase Share Purchase Agreement

“Fourth Phase Initial Sale Shares”	90.1% equity interest in the Target Company held by the Seller as at the date of this announcement
“Fourth Phase Share Purchase Agreement”	an equity transfer agreement dated 21 March 2022 entered into between Suzhou GCL New Energy and Hunan Xinhua in relation to the sale of the Fourth Phase Initial Sale Shares and Fourth Phase Subsequent Sale Shares
“Fourth Phase Sale Shares”	the Fourth Phase Initial Sale Shares and the Fourth Phase Subsequent Sale Shares
“Fourth Phase Subsequent Disposal”	the proposed disposal of 9.9% equity interest in the Target Company by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Fourth Phase Share Purchase Agreement
“Fourth Phase Subsequent Sale Shares”	9.9% equity interest in the Target Company held by Qingdao Changsheng as at the date of this announcement, which will be acquired by the Seller before disposing the same to the Purchaser
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the date of this announcement, the Company is a subsidiary of GCL-Poly
“Group”	the Company and its subsidiaries
“Handover of Account Passwords and Seals”	handover of online encryption keys of all bank accounts and all corporate seals of the Target Company by Suzhou GCL New Energy or the Target Company to Hunan Xinhua
“Handover of Assets and Information”	handover of all assets and information of the Target Company, including but not limited to financial data, operational information and project approval status, by Suzhou GCL New Energy or the Target Company to Hunan Xinhua
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan Xinhua” or “Purchaser”	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司), a company established in the PRC with limited liability and an independent third party to the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MW”	megawatt(s)
“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
“Net Receivable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is less than the Amount Receivable
“Ningxia GCL New Energy”	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Ningxia Hanguang”	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司), a company established in the PRC with limited liability and an independent third party to the Company
“Ningxia Xinken”	Ningxia Xin Ken Jiangquan Photovoltaic Power Company Limited* (寧夏鑫壑簡泉光伏電力有限公司), a company established in the PRC with limited liability and ceased to be an indirect subsidiary of the Company in January 2022
“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
“Previous De Minimis Agreement”	an equity transfer agreement dated 12 July 2021 entered into between Suzhou GCL New Energy and Hunan Xinhua in relation to the sale of the entire equity interest in Yanyuan Xian Baiwu
“Previous De Minimis Disposal”	the disposal of the entire equity interest in Yanyuan Xian Baiwu by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Previous De Minimis Agreement
“Previous Disposals”	the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals and the Third Phase Disposal

“Qingdao Changsheng”	Qingdao Changsheng Ridian Solar Technology Co., Ltd.* (青島昌盛日電太陽能科技股份有限公司), an independent third party to the Company and a minority shareholder of the Target Company which held the Fourth Phase Subsequent Sale Shares as at this date of this announcement. As at the date of this announcement, Qingdao Changsheng is held as to (i) 99.5% by Qingdao Changsheng New Energy Holding Co., Ltd.* (青島昌盛日電新能源控股有限公司) (“ Qingdao Changsheng New Energy ”) and (ii) 0.5% by Qingdao Changsheng Electric Investment Development Co., Ltd.* (青島昌盛日電投資發展有限公司), which is in turn wholly-owned by Qingdao Changsheng New Energy. Qingdao Changsheng New Energy is owned as to (i) approximately 57.02% by Qingdao Changsheng Oriental Industrial Group Co., Ltd.* (青島昌盛東方實業集團有限公司), which is in turn held as to approximately 99.37% by Li Jianzhi* (李堅之) and approximately 0.63% by Wu Xiaofeng* (吳曉峰) and (ii) approximately 42.98% by 11 other entities, amongst which, no individual entity owned over 16.27% equity interest in Qingdao Changsheng New Energy
“Rectification Amount”	the agreed rectification amount for the engineering and compliance defects of the Target Company under the Fourth Phase Share Purchase Agreement
“Reference Date”	31 August 2021
“Registration Procedures”	the registration procedures in respect of the change of shareholders of the Target Company and other relevant filing procedures in respect of the Fourth Phase Initial Disposal and the Fourth Phase Subsequent Disposal (as the case may be) in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the Fourth Phase Initial Sale Shares and the Fourth Phase Subsequent Sale Shares
“Second Phase 10% Equity Interest Share Purchase Agreements”	a series of two equity transfer agreements dated 13 September 2021 entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in each of Shenmu Jingfu and Shenmu Jingpu

“Second Phase 90% Equity Interest Share Purchase Agreements”	a series of two equity transfer agreements dated 13 September 2021 entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in each of Shenmu Jingfu and Shenmu Jingpu
“Second Phase Disposals”	the disposal of the entire equity interest in Shenmu Jingfu and Shenmu Jingpu by stages as contemplated under the Second Phase Share Purchase Agreements
“Second Phase Share Purchase Agreements”	the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements
“Seller” or “Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the date of this announcement
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Fourth Phase Share Purchase Agreement
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ningxia Shengjing Solar Power Technology Company Limited (寧夏盛景太陽能科技有限公司), a company established in the PRC with limited liability, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Qingdao Changsheng, an independent third party to the Company, and an indirect subsidiary of the Company as at the date of this announcement
“Third Phase Disposal”	the disposal of the entire equity interest in Ningxia Xinken by Ningxia GCL New Energy to Hunan Xinhua as contemplated under the Third Phase Share Purchase Agreement
“Third Phase Share Purchase Agreement”	an equity transfer agreement dated 25 January 2022 entered into between Ningxia GCL New Energy and Hunan Xinhua in relation to the sale of the entire equity interest in Ningxia Xinken
“Transactions”	the transactions contemplated under the Fourth Phase Share Purchase Agreement

“Transition Period” the period between the Reference Date and the Fourth Phase Initial Closing Date

“Xinhua Hydropower Group” Hunan Xinhua and Ningxia Hanguang, which are owned as to approximately 99.63% and 42% by Xinhua Hydropower, respectively and whose decisions to entered into the Disposals are subject to the approval of Xinhua Hydropower

* *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 March 2022

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Liu Genyu 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.