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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)**

### **MAJOR TRANSACTION FINANCE LEASE ARRANGEMENT**

The Board announces that on 29 April 2022 (after trading hours), Xiangdao New Energy, an indirect subsidiary of the Company, entered into two Finance Lease Agreements with CR Leasing, pursuant to which (i) Xiangdao New Energy shall transfer Subject Assets I and Subject Assets II to CR Leasing at the Transfer Prices of RMB435 million and RMB75 million, respectively; (ii) CR Leasing shall lease back the Subject Assets to Xiangdao New Energy for the Lease Term of 12 years; and (iii) Xiangdao New Energy shall have the right to re-acquire each of Subject Assets I and Subject Assets II at nominal consideration of RMB100 upon the end of the Lease Term.

#### **LISTING RULES IMPLICATION**

As the highest applicable percentage ratio in respect of the Finance Lease Arrangement (Finance Lease Agreement I and Finance Lease Agreement II in aggregate) is higher than 25% but less than 75%, the Finance Lease Arrangement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

#### **WRITTEN SHAREHOLDERS' APPROVAL**

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Finance Lease Arrangement, pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution passed at a general meeting of the Company, the Company will seek for a written approval from Elite Time Global and Dongsheng Photovoltaic, a closely allied group of Shareholders, approving the Finance Lease Arrangement. As at the date of this announcement, Elite Time Global is holding 10,376,602,000 Shares, representing approximately 49.24% of the issued Shares, and Dongsheng Photovoltaic is holding 1,905,978,301 Shares, representing approximately 9.04% of the issued Shares, i.e. together holding 12,282,580,301 Shares which

represent approximately 58.28% of the voting rights at a general meeting of the Company. If the Company receives such written Shareholders' approval, no general meeting will be held by the Company for approving the Finance Lease Arrangement.

A circular containing, among other matters, details of the Finance Lease Arrangement is expected to be despatched to the Shareholders on or before 24 May 2022 in accordance with the Listing Rules.

## **1. INTRODUCTION**

The Board announces that on 29 April 2022 (after trading hours), Xiangdao New Energy, an indirect subsidiary of the Company, entered into two Finance Lease Agreements with CR Leasing, namely the Finance Lease Agreement I and the Finance Lease Agreement II, pursuant to which (i) Xiangdao New Energy shall transfer Subject Assets I and Subject Assets II to CR Leasing at the Transfer Prices of RMB435 million and RMB75 million, respectively; (ii) CR Leasing shall lease back the Subject Assets to Xiangdao New Energy for a the Lease Term of 12 years; and (iii) Xiangdao New Energy shall have the right to re-acquire each of Subject Assets I and Subject Assets II at nominal consideration of RMB100 upon the end of the Lease Term.

## **2. THE FINANCE LEASE AGREEMENTS**

The principal terms of the Finance Lease Agreements are set out below:

### **Date**

29 April 2022 (after trading hours)

### **Parties**

Lessor: CR Leasing

Lessee: Xiangdao New Energy

### **Subject Assets**

Certain solar modules, inverters, transformers, cables cabinets, monitoring systems and other photovoltaic equipment and installations used by Xiangdao New Energy for the Bingzhouhai Project and the Xiangdao Project.

## **Transfer Price**

Xiangdao New Energy shall transfer Subject Assets I and Subject Assets II to CR Leasing at the Transfer Prices of RMB435 million and RMB75 million, respectively, and the ownership in the Subject Assets shall be transferred to CR Leasing upon payment of the respective Transfer Price.

## **Handling Fee**

RMB4.35 million and RMB0.75 million under Finance Lease Agreement I and Finance Lease Agreement II, respectively, which shall be paid by Xiangdao New Energy before the payment of the respective Transfer Price.

## **Transfer Price Payment Conditions**

### *Finance Lease Agreement I*

Transfer Price I shall be paid within 15 business days of fulfillment of all the payment conditions, including, among others, production of the early repayment application in relation to the ICBC Loan and the supplemental agreement on early repayment of the ZJGL Loan by Xiangdao New Energy.

### *Finance Lease Agreement II*

Transfer Price II shall be paid within 15 business days of fulfillment of all the payment conditions, including, among others, payment of Transfer Price I and full settlement of the ICBC Loan and the ZJGL Loan.

## **Usage of Transfer Price**

### *Finance Lease Agreement I*

Repayment of the ICBC Loan and the ZJGL Loan, repayment of shareholders' loans and operating expenses etc.. Xiangdao New Energy further undertook to immediately settle the ICBC Loan and ZJGL Loan upon receiving Transfer Price I from CR Leasing.

### *Finance Lease Agreement II*

Repayment of shareholders' loans and operating expenses etc.

## **Lease Term**

144 months from the payment of Transfer Price I and Transfer Price II, respectively.

## **Lease Deposit**

Nil

## **Rent**

The rent shall be paid every three months (i.e. a total of 48 payments) based on an amortization schedule calculated in accordance with the Interest Rate.

For illustrative purpose only, assuming the Interest Rate remained unchanged at 5.98% p.a. during the entire Lease Term, a payment of approximately RMB12,828,300 and RMB2,211,700 shall be made every three months under Finance Lease Agreement I and Finance Lease Agreement II, respectively, during the Lease Term.

## **Interest Rate**

The initial Interest Rate shall be 5.98% p.a. and shall be adjusted on each anniversary during the Lease Term by the same percentage point change in the Long-Term Loan Prime Rate as at such date of adjustment as compared to that as at the respective payment date of the Transfer Price.

## **Redemption**

Xiangdao New Energy shall have the right to re-acquire the Subject Assets on “as-is” basis at a nominal consideration of RMB100 upon the end of the respective Lease Term under Finance Lease Agreement I and Finance Lease Agreement II.

## **Insurance on Subject Assets**

Responsible by Xiangdao New Energy

## **Securities**

Under each of the Finance Lease Agreements, the securities provided to secure the performance by Xiangdao New Energy of its obligations include:

- (a) the 90.1% equity interest in Xiangdao New Energy held by Suzhou GCL New Energy;
- (b) the 9.9% equity interest in Xiangdao New Energy held by Xiangdao Farm Development;
- (c) the electric fees received or to be received by Xiangdao New Energy under the Bingzhouhai Project and the Xiangdao Project which shall be deposited in an escrow account; and
- (d) the land use right of the land where Bingzhouhai Project situates.

## **Guarantee**

Suzhou GCL New Energy shall guarantee and the Company shall provide undertaking for, the performance of Xiangdao New Energy of its obligations under each of the Finance Lease Agreements.

### **3. BASIS OF DETERMINATION OF THE TRANSFER PRICES AND THE INTEREST RATE**

The book value of the Subject Assets is approximately RMB552.6 million and the Transfer Prices were determined after arm's length negotiation between Xiangdao New Energy and CR Leasing based on the amount of financing agreed to be provided by CR Leasing with reference to the value of the respective Subject Assets.

The Interest Rate and handling fees were determined after arm's length negotiation between Xiangdao New Energy and CR Leasing with reference to the prevailing market interest rate of finance leases of similar assets and the usual percentage of handling fee charged for similar finance lease, respectively.

### **4. REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT**

Xiangdao New Energy entered into the Finance Lease Arrangement to obtain financial resources for refinancing the ICBC Loan and the ZJGL Loan which are originally scheduled to be fully repaid by June 2024 and November 2022, respectively. As at the date of this announcement, the outstanding balance of the ICBC Loan and the ZJGL Loan are RMB243,000,000 and RMB188,450,000, respectively. The additional cash obtained by Xiangdao New Energy can provide additional liquidity to the Group.

Accordingly, the proceeds of the Finance Lease Arrangement will be used for repayment of the ICBC Loan and the ZJGL Loan and general working capital use.

The Directors consider that the Finance Lease Arrangement is in the ordinary and usual course of business of the Group and the terms of the Finance Lease Agreements and the transactions contemplated thereunder are on normal commercial term, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **5. LISTING RULES IMPLICATION**

As the highest applicable percentage ratio in respect of the Finance Lease Arrangement (Finance Lease Agreement I and Finance Lease Agreement II in aggregate) is higher than 25% but less than 75%, the Finance Lease Arrangement, constitutes a major transaction of the Company and is subject to the notification announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## 6. WRITTEN SHAREHOLDERS' APPROVAL

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Finance Lease Arrangement, pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution passed at a general meeting of the Company, the Company will seek for a written approval from Elite Time Global and Dongsheng Photovoltaic, a closely allied group of Shareholders, approving the Finance Lease Arrangement. If the Company receives such written Shareholders' approval, no general meeting will be held by the Company for approving the Finance Lease Arrangement.

As at the date of this announcement, Elite Time Global is holding 10,376,602,000 Shares, representing approximately 49.24% of the issued Shares, and Dongsheng Photovoltaic is holding 1,905,978,301 Shares, representing approximately 9.04% of the issued Shares, i.e. together holding 12,282,580,301 Shares which represent approximately 58.28% of the voting rights at a general meeting of the Company.

Elite Time Global and Dongsheng Photovoltaic constitute "closely allied group of shareholders" under Rule 14.45 of the Listing Rules due to the following reasons:

- (a) as at the date of this announcement, Mr. Zhu Gongshan and his family (the "**Zhu's Family**") indirectly hold (i) approximately 23.51% interest in GCL Technology, which in turn directly wholly-owns Elite Time Global and (ii) approximately 30.74% interest in GCL System Integration, which in turn indirectly wholly-owns Dongsheng Photovoltaic. Zhu's Family constitutes the single largest shareholder of GCL Technology and GCL System Integration;
- (b) as Zhu's Family indirectly holds more than 20% in each of Elite Time Global and Dongsheng Photovoltaic as at the date of this announcement, Elite Time Global and Dongsheng Photovoltaic are regarded as "associated companies" of Zhu's Family for the purposes of the Takeovers Code. As such, Elite Time Global and Dongsheng Photovoltaic are persons "acting in concert" with Zhu's Family for the purpose of the Takeovers Code;
- (c) Mr. Zhu Gongshan is the chairman of both GCL Technology and GCL System Integration and a majority of the board of directors in each of GCL Technology and GCL System Integration are employees of companies controlled by Zhu's Family. As such, Zhu's Family can exert influence over the decision making process of the board of directors of each of Elite Time Global (through GCL Technology) and Dongsheng Photovoltaic (through GCL System Integration); and
- (d) Dongsheng Photovoltaic has become a shareholder of the Company since the end of 2017 and it has voted for all resolutions in the general meetings held by the Company and its voting direction has been in line with Elite Time Global since mid-2018.

A circular containing, among other matters, details of the Finance Lease Arrangement is expected to be despatched to the Shareholders on or before 24 May 2022 in accordance with the Listing Rules.

## **7. INFORMATION ON THE PARTIES TO THE FINANCE LEASE 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. As at the date of this announcement, the Company is a subsidiary of GCL Technology.

### **Xiangdao New Energy**

Xiangdao New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company, 90.1% owned by Suzhou GCL New Energy and 9.9% owned by Xiangdao Farm Development. Xiangdao New Energy owns and operates the Bingzhouhai Project and the Xiangdao Project.

### **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 Group in the PRC.

### **Xiangdao Farm Development**

Xiangdao Farm Development is a company incorporated in the PRC with limited liability and is owned by Mr. Liu Yongliang (劉永良先生), Mr. Hong Yushen (洪育慎先生) (through his wholly-owned company) and Ms. Bai Yuying (白玉英女士) as to approximately 54.3739%, 25.9435% and 19.6826%, respectively, as at the date of this announcement. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, save for their respective indirect interests in Xiangdao New Energy, each of Mr. Liu, Mr. Hong and Ms. Bai is a third party independent of the Company and its connected persons.

## **CR Leasing**

CR Leasing is a company incorporated in the PRC with limited liability and is principally engaged in finance leasing businesses. CR Leasing is a subsidiary of China Resources Holdings Company Limited, a company owned by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, CR Leasing is a third party independent of the Company and its connected persons.

## **8. DEFINITIONS**

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

“Board”	the board of Directors
“Bingzhouhai Project”	the 130 MW solar plant power project located in Bingzhouhai town, Tumend Left banner, Hohhot (呼和浩特市土左旗兵州亥), owned and operated by Xiangdao New Energy as at the date of this announcement
“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 (stock code 451)
“CR Leasing”	China Resources Leasing Co., Ltd.* (華潤融資租賃有限公司), a company established in the PRC with limited liability and a third party independent of the Company and its connected persons
“Directors”	the directors of the Company
“Dongsheng Photovoltaic”	Dongsheng Photovoltaic Technology (Hong Kong) Limited (東昇光伏科技(香港)有限公司), a company incorporated in Hong Kong with limited liability and is indirect wholly-owned by GCL System Integration
“Elite Time Global”	Elite Time Global Limited (傑泰環球有限公司), a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of GCL Technology



“Finance Lease Agreements”	collectively, Finance Lease Agreement I and Finance Lease Agreement II and should the context require, be construed as referring either of Finance Lease Agreement I and Finance Lease Agreement II
“Finance Lease Agreement I”	the finance lease agreement dated 29 April 2022 entered into between Xiangdao New Energy and CR Leasing in respect of the Subject Assets I with the Transfer Price of RMB435 million
“Finance Lease Agreement II”	the finance lease agreement dated 29 April 2022 entered into between Xiangdao New Energy and CR Leasing in respect of the Subject Assets II with the Transfer Price of RMB75 million
“Finance Lease Arrangement”	the finance lease arrangement in respect of the transfer, lease-back and redemption of the Subject Assets under the Finance Lease Agreements
“GCL Technology”	GCL Technology Holdings Limited 協鑫科技控股有限公司 (formerly known as “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 (stock code: 3800)
“GCL System Integration”	GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司), a company established in the PRC with its shares listed on the Small & Medium Enterprises Board of the Shenzhen Stock Exchange (stock code: 002506)
“Group”	the Company and its subsidiaries
“ICBC Loan”	the loan granted by Industrial and Commercial Bank of China Limited (HKEX stock code: 1398), a third party independent of the Company and its connected persons, to Xiangdao New Energy with an outstanding amount of RMB243,000,000 as at the date of this announcement
“Interest Rate”	the interest rate under the Finance Lease Agreements as further described under the paragraph headed “2. The Finance Lease Agreements – Interest Rate” in this announcement

“Lease Terms”	the lease terms of 144 months under the Finance Lease Agreements as further described under the paragraph headed “2. The Finance Lease Agreements – Lease Term” in this announcement, and the expression “Lease Term” should be construed accordingly as referring to the lease term under Finance Lease Agreement I and Finance Lease Agreement II, respectively, in relation to the relevant context
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Term Loan Prime Rate”	the loan prime rate in respect of loans over five years published by National Interbank Funding Center (全國銀行間同業拆借中心) as authorised by the People’s Bank of China
“MW”	megawatts
“p.a.”	per annum
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Assets”	collectively, Subject Assets I and Subject Assets II, and should the context require, be construed as referring to either of Subject Assets I or Subject Assets II
“Subject Assets I”	the subject assets under Finance Lease Agreement I as further described under the paragraph headed “2. The Finance Lease Agreements – Subject Assets” in this announcement
“Subject Assets II”	the subject assets under Finance Lease Agreement II as further described under the paragraph headed “2. The Finance Lease Agreements – Subject Assets” in this announcement

“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
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong
“Transfer Prices”	collectively, Transfer Price I and Transfer Price II, and the expression “Transfer Price” should be construed accordingly as referring to Transfer Price I or Transfer Price II under the relevant context
“Transfer Price I”	the consideration for the transfer of the Subject Assets I from Xiangdao New Energy to CR Leasing under Finance Lease Agreement I of RMB435 million
“Transfer Price II”	the consideration for the transfer of the Subject Assets II from Xiangdao New Energy to CR Leasing under Finance Lease Agreement II of RMB75 million
“Xiangdao Project”	the 31 MW solar power plant project located in Xiangdao ecological farm in Hohhot (呼和浩特市香島生態農莊), owned and operated by Xiangdao New Energy as at the date of this announcement
“Xiangdao Farm Development”	Inner Mongolia Xiangdao Ecological Agriculture Development Co., Ltd.* (內蒙古香島生態農業開發有限公司), a company established in the PRC with limited liability and a 9.9% shareholder of Xiangdao New Energy
“Xiangdao New Energy”	Inner Mongolia Xiangdao New Energy Development Co., Ltd.* (內蒙古香島新能源發展有限公司), a company established in the PRC with limited liability and an indirect 90.1% owned subsidiary of the Company as at the date of this announcement

“ZJGL Loan”

the loan granted by Zhujiang Financial Leasing Co., Ltd.\* (珠江金融租賃有限公司), a subsidiary of Guangzhou Rural Commercial Bank Co., Ltd. (HKEX stock code: 1551) where both a third party independent of the Company and its connected persons, to Xiangdao New Energy with an outstanding amount of RMB188,450,000 as at the date of this announcement

\* *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, 29 April 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; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive Directors; and Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive Directors.*