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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)**

**CONNECTED TRANSACTIONS**

**EPC AGREEMENT**

**AND**

**ROOFTOP REINFORCEMENT CONSTRUCTION**

**SUPPLEMENTARY AGREEMENT**

**THE EPC AGREEMENT AND ROOFTOP REINFORCEMENT CONSTRUCTION  
SUPPLEMENTARY AGREEMENT**

On 7 September 2022, Gaotang Xiechen, an indirect wholly-owned subsidiary of the Company, entered into the EPC Agreement with GCL Energy Engineering. Pursuant to which, GCL Energy Engineering, acting as the contractor, will provide EPC services to Gaotang Xiechen, as the principal, for the construction of the Rooftop Distributed Photovoltaic Power Station at a consideration of approximately RMB13,270,140 (tax inclusive). The Rooftop Distributed Photovoltaic Power Station is located at Gaotang County Economic Development Zone, Liaocheng City, Shandong Province, the PRC with planned construction capacity of approximately 4.17MW.

On the same date, Gaotang Xiechen also entered into the Rooftop Reinforcement Construction Supplementary Agreement with GCL Energy Engineering. Pursuant to which, GCL Energy Engineering, acting as the contractor, will carry out rooftop reinforcement construction work over the Rooftop Distributed Photovoltaic Power Station for Gaotang Xiechen, as the principal, at a consideration of approximately RMB837,962 (tax inclusive).

## **THE PREVIOUS PHOTOVOLTAIC MODULE PROCUREMENT AGREEMENT**

On 10 January 2022, Wuhan GCL New Energy, an indirect wholly-owned subsidiary of the Company, as purchaser, also entered into the Previous Photovoltaic Module Procurement Agreement with GCL System Integration, as vendor, for the sale and purchase of solar energy modules at a consideration of approximately RMB874,368 (tax inclusive), which constituted a de minimis connected transaction of the Company in the past 12 months.

## **LISTING RULES IMPLICATION**

GCL Energy Engineering is a direct wholly-owned subsidiary of GCL System Integration, which is a majority-controlled company held indirectly by Mr. Zhu Yufeng and his family. By virtue of Mr. Zhu Yufeng being the chairman and an executive Director of the Company, GCL System Integration and its subsidiaries are associates of Mr. Zhu Yufeng and his family and thus connected persons of the Company. As such, the entering into of the Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Previous Photovoltaic Module Procurement Agreement was also entered into by an indirect wholly-owned subsidiary of the Company with GCL System Integration, being a connected person of the Company, within a 12-month period, the Previous Photovoltaic Module Procurement Agreement shall be aggregated with the Agreements under Rule 14A.81 of the Listing Rules.

Based on the aggregation of the transactions contemplated under the Agreements and the Previous Photovoltaic Module Procurement Agreement, as one or more of the applicable percentage ratios in respect of the transactions contemplated under the Agreements and the Previous Photovoltaic Module Procurement Agreement, in aggregate, are more than 0.1% but less than 5%, the Agreements are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 7 September 2022, Gaotang Xiechen, an indirect wholly-owned subsidiary of the Company, entered into the EPC Agreement with GCL Energy Engineering. Pursuant to which, GCL Energy Engineering, acting as the contractor, will provide EPC services to Gaotang Xiechen, as the principal, for the construction of the Rooftop Distributed Photovoltaic Power Station at a consideration of approximately RMB13,270,140 (tax inclusive). The Rooftop Distributed Photovoltaic Power Station is located at Gaotang County Economic Development Zone, Liaocheng City, Shandong Province, the PRC with planned construction capacity of approximately 4.17MW.

On the same date, Gaotang Xiechen also entered into the Rooftop Reinforcement Construction Supplementary Agreement with GCL Energy Engineering. Pursuant to which, GCL Energy Engineering, acting as the contractor, will carry out rooftop reinforcement construction work over the Rooftop Distributed Photovoltaic Power Station for Gaotang Xiechen, as the principal, at a consideration of approximately RMB837,962 (tax inclusive).

On 10 January 2022, Wuhan GCL New Energy, an indirect wholly-owned subsidiary of the Company, as purchaser, also entered into the Previous Photovoltaic Module Procurement Agreement with GCL System Integration, as vendor, for the sale and purchase of solar energy modules at a consideration of approximately RMB874,368 (tax inclusive), which constituted a de minimis connected transaction of the Company in the past 12 months.

The principal terms of the Agreements and the Previous Photovoltaic Module Procurement Agreement are set out below:

## **THE EPC AGREEMENT**

### **Date**

7 September 2022 (after trading hours)

### **Parties**

- (i) Gaotang Xiechen (as the principal); and
- (ii) GCL Energy Engineering (as the contractor).

### **Subject matter**

Pursuant to the EPC Agreement, GCL Energy Engineering agreed to serve as the contractor to provide EPC services to Gaotang Xiechen for the construction of the Rooftop Distributed Photovoltaic Power Station and to meet all formalities and engineering construction for its legal operation.

The EPC services include, among others, the design, procurement of equipment and materials, construction engineering, equipment installation, commissioning, completion certification, handover of production, completion acceptance, performance quality assurance of the primary and ancillary construction works of the Rooftop Distributed Photovoltaic Power Station.

GCL Energy Engineering shall design, implement and complete the construction of the Rooftop Distributed Photovoltaic Power Station in accordance with the terms of the EPC Agreement and remedy any failure and defects during the one-year warranty period of the construction of the Rooftop Distributed Photovoltaic Power Station.

### **Construction period**

The construction of the Rooftop Distributed Photovoltaic Power Station shall commence upon the notice of Gaotang Xiechen, and is expected to complete trial production by 6 December 2022.

## Consideration and payment terms

The consideration of the EPC Agreement amounts to approximately RMB13,270,140 (tax inclusive). Such consideration comprises, among others, the costs for the purchase of equipment, construction work, installation work, and design and construction management and other fees, which shall be settled in the following manner:

### *(i) Pre-payment*

30% of the consideration of the EPC Agreement shall be paid to GCL Energy Engineering as pre-payment in the amount of approximately RMB3.98 million within 5 business days upon fulfillment of the following conditions, including (i) the EPC Agreement being effective and (ii) the receipt of the invoice in the same amount issued by GCL Energy Engineering.

### *(ii) Progress payment*

Based on the progress of the project and the receipt of the relevant invoice(s), Gaotang Xiechen shall, within 5 business days upon receipt of the invoice(s), pay 40% and 20% of the consideration of the EPC Agreement to GCL Energy Engineering with respect to the purchase of equipment and grid-connection, respectively. In furtherance to the above, Gaotang Xiechen shall pay approximately RMB5.30 million for the purchase of equipment and approximately RMB2.65 million for grid-connection, respectively, upon the fulfillment of certain conditions set out in the EPC Agreement, including the delivery of components and materials and achieving the full capacity grid-connected power generation.

### *(iii) Settlement payment*

Upon connection of the Rooftop Distributed Photovoltaic Power Station to the grid for power generation, GCL Energy Engineering shall submit the completion acceptance and settlement information to Gaotang Xiechen for review.

Subject to any comments made or objections raised by Gaotang Xiechen within the prescribed time period in connection with the completion acceptance and settlement information, it shall constitute as the settlement payment (the “**EPC Settlement Payment**”) for the EPC services under the EPC Agreement. Gaotang Xiechen shall arrange payment of 97% of the EPC Settlement Payment within 5 business days upon receipt of the invoice for the EPC Settlement Payment issued by GCL Energy Engineering.

### *(iv) Quality assurance fund*

Under the EPC Agreement, 3% of the EPC Settlement Payment shall be retained by Gaotang Xiechen which shall only be paid to GCL Energy Engineering after 1 year upon completion and acceptance of the construction and the transfer of rights or within 1 month after the defects in the construction have been duly rectified and resolved.

# THE ROOFTOP REINFORCEMENT CONSTRUCTION SUPPLEMENTARY AGREEMENT

## Date

7 September 2022 (after trading hours)

## Parties

- (i) Gaotang Xiechen (as the principal); and
- (ii) GCL Energy Engineering (as the contractor).

## Subject matter

Pursuant to the Rooftop Reinforcement Construction Supplementary Agreement, GCL Energy Engineering agreed to carry out all rooftop reinforcement construction work for the Rooftop Distributed Photovoltaic Power Station and to meet all requirements of the reinforcement technical scheme.

Such rooftop reinforcement construction work includes, among others, the procurement of equipment and materials and construction engineering.

GCL Energy Engineering shall carry out and complete the rooftop reinforcement construction work in accordance with the terms of the Rooftop Reinforcement Construction Supplementary Agreement and remedy any failure and defects during the 6-month warranty period from the passing of inspection of the rooftop reinforcement construction work.

## Construction period

The rooftop reinforcement construction work shall be completed within 45 days (upon receipt of the pre-payment), which is expected to be completed on or before 21 October 2022.

## Consideration and payment terms

The consideration of the Rooftop Reinforcement Construction Supplementary Agreement amounts to approximately RMB837,962 (subject to adjustment with respect to a reduction in the scope of construction work). Such consideration comprises, among others, the costs of construction equipment, provision of labour services, installation and logistics and shall be settled in the following manner:

### *(i) Pre-payment*

30% of the consideration of the Rooftop Reinforcement Construction Supplementary Agreement shall be paid to GCL Energy Engineering as pre-payment within 7 business days upon receipt of the payment application and invoice issued by GCL Energy Engineering.

*(ii) Progress payment*

Up to 60% of the consideration of the Rooftop Reinforcement Construction Supplementary Agreement shall be paid to GCL Energy Engineering as progress payment within 5 business days upon completion of construction of 3 workshops by GCL Energy Engineering and the passing of inspection by Gaotang Xiechen and the co-owner of the property.

Up to 90% of the said consideration shall be paid to GCL Energy Engineering within 7 business days upon completion of all the rooftop reinforcement construction work and the passing of inspection by Gaotang Xiechen and the co-owner of the property.

*(iii) Settlement payment*

Within 30 days upon the passing of inspection, GCL Energy Engineering shall submit a completion settlement report and settlement information to Gaotang Xiechen for review.

Subject to any comments made by Gaotang Xiechen within the prescribed time period in connection with the settlement report and settlement information, it shall constitute as the settlement payment for the construction work under the Rooftop Reinforcement Construction Supplementary Agreement (the “**Rooftop Reinforcement Settlement Payment**”). Gaotang Xiechen shall arrange payment of 97% of the Rooftop Reinforcement Settlement Payment upon settlement for the completion of the construction.

*(iv) Quality assurance fund*

Under the Rooftop Reinforcement Construction Supplementary Agreement, 3% of the Rooftop Reinforcement Settlement Payment shall be retained by Gaotang Xiechen which shall only be paid to GCL Energy Engineering after expiration of the 6-month warranty period in the absence of any quality issues.

Should GCL Energy Engineering fail to handle the construction quality issues, default on the wages of the workers, payment for subcontracted works or suppliers of materials, or fail to meet the requirements for project quality, progress or safety, Gaotang Xiechen shall be entitled to deal with the situation by itself or to entrust a third party to manage the same and deduct the relevant expenses incurred from the consideration of the Rooftop Reinforcement Construction Supplementary Agreement payable to GCL Energy Engineering.

## **BASIS OF DETERMINATION OF THE CONSIDERATIONS**

The considerations of the Agreements were determined by the parties after arm’s length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection: (i) the track record of the candidates of contractor on performing projects of similar size; (ii) the size of operation, manpower, financial performance, specialised technological know-hows and professional qualifications of the candidates of contractor; and (iii) quotations submitted by the candidates of contractor and the prevailing market price of provision of similar services.

## **THE PREVIOUS PHOTOVOLTAIC MODULE PROCUREMENT AGREEMENT**

### **Date**

10 January 2022

### **Parties**

- (i) Wuhan GCL New Energy (as the purchaser); and
- (ii) GCL System Integration (as the vendor).

### **Subject matter and consideration**

Pursuant to the Previous Photovoltaic Module Procurement Agreement, GCL System Integration agreed to supply approximately 880 solar energy modules with 540Wp to Wuhan GCL New Energy for the Wuhan GCL 880 single crystal single-sided 540Wp photovoltaic project at a consideration of approximately RMB874,368 (tax inclusive).

### **Payment term and basis of determination of the consideration**

The consideration of the Previous Photovoltaic Module Procurement Agreement shall be settled in full to GCL System Integration within 3 business days upon submission of the invoice in the same amount by GCL System Integration to Wuhan GCL New Energy.

The consideration of the Previous Photovoltaic Module Procurement Agreement was determined on normal commercial terms after arm's length negotiation with reference to the prevailing market prices of the relevant solar energy modules.

## **REASONS FOR AND BENEFITS OF THE AGREEMENTS**

As a developer of photovoltaic power station project, the Group has to engage contractors to provide EPC services to construct its power generation projects and to carry out ancillary rooftop reinforcement construction work. GCL Energy Engineering is an established EPC contractor and has substantial experience in the construction and development of photovoltaic power generation projects in the PRC. The Group believes that it can deliver quality services, meet the national design standards and specifications, satisfy the requirements of safety, environmental protection and economic operation and meet the expectations of the Group. The Agreements will enable the Company to further expand its scale of business in the photovoltaic industry through the construction of quality photovoltaic power generation project so as to enhance returns to the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Agreements are on normal and commercial terms and in the ordinary and usual course of business of the Group, and the terms of such transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As (i) GCL System Integration and its subsidiaries are associates of Mr. Zhu Yufeng and his family; (ii) Ms. Hu Xiaoyan and Mr. Yeung Man Chung, Charles are executives of companies controlled by Mr. Zhu Yufeng and his family; (iii) Ms. Sun Wei is a director of GCL System Integration; and (iv) Mr. Fang Jiancai is the deputy general manager and chief financial officer of GCL System Integration, they are deemed to have a material interest in the transactions contemplated under the Agreements. Accordingly, each of Mr. Zhu Yufeng, Ms. Hu Xiaoyan, Mr. Yeung Man Chung, Charles, Ms. Sun Wei and Mr. Fang Jiancai have abstained from voting on the relevant Board resolutions in respect of the Agreements. Save as the above, none of the Directors have a material interest in the transactions contemplated under the Agreements or is required to abstain from voting on the Board resolutions in respect of the Agreements and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES TO THE 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.

### **Gaotang Xiechen**

Gaotang Xiechen is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in power generation, power transmission and power supply and distribution businesses.

### **GCL Energy Engineering**

GCL Energy Engineering is a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of GCL System Integration. It principally operates as a photovoltaic power station engineering design and management service provider.

GCL System Integration is a company incorporated in the PRC with its shares listed on the Main Board of the SZSE. It is principally engaged in the research, development, manufacture and distribution of solar cell modules. Based on publicly available information, as at the date of this announcement, the top three shareholders of GCL System Integration are Yingkou Qiyin Investment Management Co., Ltd.\* (營口其印投資管理有限公司) (“**Yingkou Qiyin**”), Jiangsu GCL Construction Management Co., Ltd.\* (江蘇協鑫建設管理有限公司) (“**Jiangsu GCL**”) and GCL Group Limited\* (協鑫集團有限公司) (“**GCL Group**”) which hold 13.88%, 8.89% and 7.97% of the outstanding share capital of GCL System Integration respectively. Yingkou Qiyin, Jiangsu GCL and GCL Group are companies ultimately controlled by Mr. Zhu Yufeng and his family.



## LISTING RULES IMPLICATION

GCL Energy Engineering is a direct wholly-owned subsidiary of GCL System Integration, which is a majority-controlled company held indirectly by Mr. Zhu Yufeng and his family. By virtue of Mr. Zhu Yufeng being the chairman and an executive Director of the Company, GCL System Integration and its subsidiaries are associates of Mr. Zhu Yufeng and his family and thus connected persons of the Company. As such, the entering into of the Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Previous Photovoltaic Module Procurement Agreement was also entered into by an indirect wholly-owned subsidiary of the Company with GCL System Integration, being a connected person of the Company, within a 12-month period, the Previous Photovoltaic Module Procurement Agreement shall be aggregated with the Agreements under Rule 14A.81 of the Listing Rules.

Based on the aggregation of the transactions contemplated under the Agreements and the Previous Photovoltaic Module Procurement Agreement, as one or more of the applicable percentage ratios in respect of the transactions contemplated under the Agreements and the Previous Photovoltaic Module Procurement Agreement, in aggregate, are more than 0.1% but less than 5%, the Agreements are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Agreements”	collectively, the EPC Agreement and the Rooftop Reinforcement Construction Supplementary Agreement
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 Stock Exchange, with stock code 451
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction

“EPC Agreement”	the EPC agreement entered into between Gaotang Xiechen and GCL Energy Engineering dated 7 September 2022 in relation to the construction of the Rooftop Distributed Photovoltaic Power Station
“Gaotang Xiechen”	Gaotang Xiechen Photovoltaic Power Generation Co., Ltd.* (高唐協辰光伏發電有限公司), a company incorporated in the PRC with limited liability
“GCL Energy Engineering”	GCL Energy Engineering Co., Ltd.* (協鑫能源工程有限公司), a company incorporated in the PRC with limited liability
“GCL System Integration”	GCL System Integration Technology Co., Ltd., a company incorporated in the PRC with its shares listed on the Main Board of the Shenzhen Stock Exchange (Stock Code: 002506)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Previous Photovoltaic Module Procurement Agreement”	the photovoltaic module procurement agreement entered into between Wuhan GCL New Energy and GCL System Integration dated 10 January 2022 in relation to the sale and purchase of solar energy modules
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Rooftop Distributed Photovoltaic Power Station”	the rooftop distributed photovoltaic power station located at Gaotang County Economic Development Zone, Liaocheng City, Shandong Province, the PRC with planned construction capacity of approximately 4.17MW
“Rooftop Reinforcement Construction Supplementary Agreement”	the rooftop reinforcement construction supplementary agreement entered into between Gaotang Xiechen and GCL Energy Engineering dated 7 September 2022 in relation to the provision of rooftop reinforcement construction work for the Rooftop Distributed Photovoltaic Power Station
“Share(s)”	ordinary shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“SZSE”	Shenzhen Stock Exchange
“Wp”	watt peak
“Wuhan GCL New Energy”	Wuhan GCL New Energy Electric Power Design Co., Ltd.* (武漢協鑫新能源電力設計有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

\* for identification purpose only

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, 7 September 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.*