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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board announces that on 16 November 2022 (after trading hours), Yuncheng Xinhua, an indirect subsidiary of the Company, entered into the Finance Lease Agreement with CNNC Leasing, pursuant to which (i) Yuncheng Xinhua shall transfer Subject Assets to CNNC Leasing at the Transfer Price of RMB150 million; (ii) CNNC Leasing shall lease the Subject Assets to Yuncheng Xinhua for the Lease Term of 12 years; and (iii) Yuncheng Xinhua shall have the right to re-acquire the Subject Assets at a nominal consideration of RMB10,000 upon the end of the Lease Term.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Finance Lease Arrangement is more than 5% but less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 16 November 2022 (after trading hours), Yuncheng Xinhua, an indirect subsidiary of the Company, entered into the Finance Lease Agreement with CNNC Leasing, pursuant to which (i) Yuncheng Xinhua shall transfer the Subject Assets to CNNC Leasing at the Transfer Price of RMB150 million; (ii) CNNC Leasing shall lease the Subject Assets to Yuncheng Xinhua for the Lease Term of 12 years; and (iii) Yuncheng Xinhua shall have the right to re-acquire the Subject Assets at nominal consideration of RMB10,000 upon the end of the Lease Term.

THE FINANCE LEASE AGREEMENT

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

Date

16 November 2022 (after trading hours)

Parties

Lessor: CNNC Leasing

Lessee: Yuncheng Xinhua

Subject Assets

Certain solar modules, inverters, transformers, cables cabinets, monitoring systems and other photovoltaic equipment and installations used by Yuncheng Xinhua for the Yuncheng Project.

Transfer Price

Yuncheng Xinhua shall transfer the Subject Assets to CNNC Leasing at the Transfer Price of RMB150 million, and the ownership in the Subject Assets shall be transferred to CNNC Leasing upon payment of the Transfer Price in full.

Handling Fee

RMB1.5 million, which shall be paid by Yuncheng Xinhua to CNNC Leasing before the payment of the Transfer Price.

Transfer Price Payment Conditions

The Transfer Price shall be paid upon the fulfillment of all the payment conditions, including, among others, due executions of security agreements under the Finance Lease Agreement.

Usage of Transfer Price

Repayment of shareholder's loan of Yuncheng Xinhua.

Lease Term

144 months from the payment of the Transfer Price.

Lease Deposit

RMB4.5 million.

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 4.63% p.a. during the entire Lease Term, the estimated aggregate amount of the Rent payable is approximately RMB204,576,266 and shall be payable in a total of 48 quarterly instalments under the Finance Lease Agreement during the Lease Term.

Interest Rate

The initial Interest Rate shall be 4.63% p.a. and shall be adjusted 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 payment date of the Transfer Price.

As at the date of this announcement, the prevailing Long-Term Loan Prime Rate was 4.3% p.a..

Redemption

Yuncheng Xinhua shall have the right to re-acquire the Subject Assets on an "as-is" basis at a nominal consideration of RMB10,000 upon the end of the Lease Term under the Finance Lease Agreement.

Insurance on the Subject Assets

Responsible by Yuncheng Xinhua.

Securities

Under the Finance Lease Agreement, the securities provided to secure the performance by Yuncheng Xinhua of its obligations include:

- (a) the 51% equity interest in Yuncheng Xinhua held by Shandong GCL;
- (b) the Subject Assets;
- (c) the electricity fees received or to be received by Yuncheng Xinhua under the Yuncheng Project which shall be deposited in an escrow account; and
- (d) the land use right of the land where the Yuncheng Project is situated.

Guarantee

GCL New Energy Investment (China) shall guarantee the performance of Yuncheng Xinhua of its obligations under the Finance Lease Agreement.

Early Redemption

During the Lease Term, the Lessor has the right to require early redemption by Yuncheng Xinhua and to terminate the Finance Lease Agreement if the on-grid power consumption is less than 80% of the power generated in the Yuncheng Project in 2021.

Undertakings by the Lessee

Under the Finance Lease Agreement, Yuncheng Xinhua undertakes, among other things, that:

- (a) Yuncheng Xinhua shall not without the prior written consent of the Lessor incur interest-bearing liabilities or contingent liabilities except in connection with the entities controlled by the Lessor in respect of the Yuncheng Project, and shall not finance via the Finance Lease Arrangement without the prior consent of the Lessor; and
- (b) Yuncheng Xinhua shall not declare dividend in each of the financial years within the Lease Term before payments of all Rent in each of such financial years, and shall not declare dividend without the prior written consent of the Lessor.

BASIS OF DETERMINATION OF THE TRANSFER PRICE AND THE INTEREST RATE

The book value of the Subject Assets is approximately RMB173.69 million as at 30 September 2022 and the Transfer Price was determined after arm's length negotiation between Yuncheng Xinhua and CNNC Leasing based on the amount of financing agreed to be provided by CNNC Leasing with reference to the value of the Subject Assets.

The Interest Rate and handling fee were determined after arm's length negotiation between Yuncheng Xinhua and CNNC Leasing with reference to the prevailing market interest rate and handling fees of similar finance leases. The Directors consider that the percentage of handling fee (being 1% of the Transfer Price) charged by CNNC Leasing is comparable to the percentage of handling fee charged by other leasing institutions for similar finance leases.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

Yuncheng Xinhua entered into the Finance Lease Arrangement to obtain financial resources for repayment of its shareholder's loan payable to the Group. Accordingly, the Group can use the proceeds for its further investment and repayment of its debts.

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 Agreement 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.

INFORMATION ON THE PARTIES TO THE FINANCE LEASE AGREEMENT

The Group

The Company is incorporated in Bermuda as an 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.

Yuncheng Xinhua

Yuncheng Xinhua is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company. Yuncheng Xinhua is owned as to 51% by Shandong GCL and 49% by Shuihu Urban Construction. Yuncheng Xinhua owns and operates the Yuncheng Project.

Shandong GCL

Shandong GCL is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Shandong GCL is principally engaged in the development, operation and management of solar power plants in the PRC.

CNNC Leasing

CNNC Leasing is a company established in the PRC with limited liability, which is principally engaged in financial leasing business. Based on publicly available information, as at the date of this announcement, the shareholders of CNNC Leasing are as follows:

Name of shareholders	Approximate percentage (%) <i>(Note 9)</i>
中國核工業集團資本控股有限公司 (China Nuclear Industry Construction Group Capital Holding Co., Ltd.*) (“ CNNC Holding ”) <i>(Note 1)</i>	48.73
中核國際(香港)有限公司 (CNNC International (HK) Limited) (“ CNNC HK ”) <i>(Note 2)</i>	11.36
中核投資(香港)有限公司 (China He Investment (Hong Kong) Company Limited) (“ CHIHK ”) <i>(Note 3)</i>	9.60
中國核能電力股份有限公司 (China National Nuclear Power Co., Ltd.) (“ CNNP ”) <i>(Note 4)</i>	6.46
中核鈾業有限責任公司 (National Nuclear Jinyuan Uranium Industry Co., Ltd.*) (“ NNUI ”) <i>(Note 1)</i>	6.16
中原國際投資有限公司 (CNNC Overseas International Investment Limited) (“ CNNC Overseas ”) <i>(Note 5)</i>	4.03
新華水力發電有限公司 (Xinhua Water Power Generation Electricity Co., Ltd.*) (“ Xinhua Water ”) <i>(Note 6)</i>	3.27
中國同輻股份有限公司 (China Isotope & Radiation Corporation) (“ CIRC ”) <i>(Note 7)</i>	2.46
中國中原對外工程有限公司 (China Zhongyuan Engineering Corp.*) (“ CZEC ”) <i>(Note 1)</i>	2.33
中國核電工程有限公司 (China Nuclear Power Engineering Co., Ltd.*) (“ CNPE ”) <i>(Note 1)</i>	2.33
上海中核浦原有限公司 (Shanghai Zhonghe Puyuan Co., Ltd.*) (“ SHZH ”) <i>(Note 1)</i>	1.55
中國原子能工業有限公司 (China Nuclear Energy Industry Corporation*) (“ CNEI ”) <i>(Note 1)</i>	1.40
中核匯能有限公司 (China Nuclear Exchange Energy Co., Ltd.*) (“ CNEE ”) <i>(Note 8)</i>	0.31
Total	<u><u>100</u></u>

Notes:

1. Each of CNNC Holding, NNUI, CZEC, CNPE, SHZH and CNEI is directly wholly-owned by 中國核工業集團有限公司 (China National Nuclear Corporation*) (“CNNC”).
2. CNNC HK is directly wholly-owned by CNNC International Limited, whose shares are listed on the Main Board of the Stock Exchange with stock code 2302.
3. CHIHK is indirectly wholly-owned by CNNC.
4. CNNP’s shares are listed on the Shanghai Stock Exchange with stock code 601985.SH.
5. CNNC Overseas is directly wholly-owned by CZEC.
6. Xinhua Water is directly owned by CNNC and 新華水利控股集團有限公司 (Xinhua Water Holding Group Co., Ltd.*) as to 55% and 45%, respectively.
7. CIRC’s shares are listed on the Main Board of the Stock Exchange with stock code 1763. CIRC is directly owned by CNNC as to approximately 33.35%.
8. CNEE is directly owned by CNNP as to 70%.
9. Certain percentage figures in this table have been subject to rounding adjustments to the nearest 2 decimal places. Accordingly, the aggregate of the percentage figures in the above table may not add up to 100%.

CNNC is a state-owned company established in the PRC with limited liability and is wholly-owned by 國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council*).

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

LISTING RULES IMPLICATION

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	GCL New Energy Holdings Limited, 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)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“CNNC Leasing”	中核融資租賃有限公司 (CNNC Financial Leasing Company Limited*), a company established in the PRC with limited liability and a third party independent of the Company and its connected persons
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement dated 16 November 2022 entered into between Yuncheng Xinhua and CNNC Leasing in respect of the Subject Assets with the Transfer Price of RMB150 million
“Finance Lease Arrangement”	the finance lease arrangement in respect of the transfer, leaseback and redemption of the Subject Assets under the Finance Lease Agreement
“GCL New Energy Investment (China)”	協鑫新能源投資(中國)有限公司 (GCL New Energy Investment (China) Co., Ltd.*), a company established in the PRC with limited liability and, as of the date of this announcement, an indirectly wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Interest Rate”	the interest rate under the Finance Lease Agreement as further described under the paragraph headed “The Finance Lease Agreement — Interest Rate” in this announcement
“Lease Term”	the lease terms of 144 months under the Finance Lease Agreement as further described under the paragraph headed “The Finance Lease Agreement — Lease Term” in this announcement, and the expression “Lease Term” should be construed accordingly as referring to the lease term under the Finance Lease Agreement , 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) under the authority of the PRC
“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
“Rent”	the rent payable by the Lessee to the Lessor under the Finance Lease Agreement for the use of the Subject Assets
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong GCL”	山東協鑫新能源有限公司 (Shandong GCL New Energy Co., Ltd.*), a company established in the PRC with limited liability and, as of the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shuihu Urban Construction”	鄆城縣水滸城市建設投資有限公司 (Yuncheng Shuihu Urban Construction Investment Co., Ltd.*), a company established in the PRC with limited liability, which is owned as to approximately 39.46% by State-owned Assets Supervision and Administration Bureau of Yuncheng County* (鄆城縣國有資產監督管理局), approximately 38.21% by China Development Fund Co., Ltd.* (國開發基金有限公司), and approximately 22.33% by China Agricultural Development Key Construction Fund Co., Ltd.* (中國農發重點建設基金有限公司), which are all state-owned enterprises and independent third parties of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Assets”	the subject assets under the Finance Lease Agreement as further described under the paragraph headed “The Finance Lease Agreement — Subject Assets” in this announcement
“Transfer Price”	the consideration for the transfer of the Subject Assets from Yuncheng Xinhua to CNNC Leasing under the Finance Lease Agreement of RMB150 million
“Yuncheng Project”	the 40MW solar plant power project located in Yuncheng County, Heze City, Shandong Province, the PRC, owned and operated by Yuncheng Xinhua as at the date of this announcement

“Yuncheng Xinhua”

鄆城鑫華能源開發有限公司 (Yuncheng Xinhua New Energy Development Co., Ltd.*), a company established in the PRC with limited liability and, as at the date of this announcement, a subsidiary of the Company indirectly owned as to 51% by the Company

* *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 Gongshan
Chairman

Hong Kong, 16 November 2022

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Yufeng, Mr. Wang Dong 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. Lee Conway Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe as independent non-executive directors.