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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 TRANSACTION EPC AGREEMENT

THE EPC AGREEMENT

On 9 December 2022, Shandong Wanhai, an indirect wholly-owned subsidiary of the Company, entered into the EPC Agreement with GCL Green Energy. Pursuant to which, GCL Green Energy, acting as the contractor, will provide EPC services to Shandong Wanhai, as the principal, for the technical transformation of planned construction capacity of approximately 8.58MW of part of the Photovoltaic Power Station at a consideration of approximately RMB13,998,356 (tax inclusive). The Photovoltaic Power Station is located at Yangkou Town, Shouguang City, Weifang City, Shandong Province, the PRC with planned construction capacity of 35MW.

In addition, as disclosed in the Company's announcement dated 7 September 2022 (the "**Previous Announcement**"), the Group entered into the Previous EPC Agreement, the Previous Rooftop Reinforcement Construction Supplementary Agreement and the Previous Photovoltaic Module Procurement Agreement (together the "**Previous Agreements**") with GCL System Integration and/or its subsidiaries in the past 12 months.

LISTING RULES IMPLICATION

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

As the Previous Agreements were entered into between indirect wholly-owned subsidiaries of the Company and GCL System Integration and/or its subsidiaries, being connected persons of the Company, within a 12-month period prior to and inclusive of the date of the EPC Agreement, the Previous Agreements shall be aggregated with the EPC Agreement under Rule 14A.81 of the Listing Rules.

Based on the aggregation of the transactions contemplated under the EPC Agreement and the Previous Agreements, as one or more of the applicable percentage ratios in respect of the transactions contemplated under the EPC Agreement and the Previous Agreements, in aggregate, are more than 0.1% but less than 5%, the EPC Agreement is 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 9 December 2022, Shandong Wanhai, an indirect wholly-owned subsidiary of the Company, entered into the EPC Agreement with GCL Green Energy. Pursuant to which, GCL Green Energy, acting as the contractor, will provide EPC services to Shandong Wanhai, as the principal, for the technical transformation of planned construction capacity of approximately 8.58MW of part of the Photovoltaic Power Station at a consideration of approximately RMB13,998,356 (tax inclusive). The Photovoltaic Power Station is located at Yangkou Town, Shouguang City, Weifang City, Shandong Province, the PRC with planned construction capacity of 35MW.

The principal terms of the EPC Agreement are set out below:

THE EPC AGREEMENT

Date

9 December 2022 (after trading hours)

Parties

- (i) Shandong Wanhai (as the principal); and
- (ii) GCL Green Energy (as the contractor).

Subject matter

Pursuant to the EPC Agreement, GCL Green Energy agreed to serve as the contractor to provide EPC services to Shandong Wanhai for the technical transformation of planned construction capacity of approximately 8.58MW of part of the 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 Photovoltaic Power Station.

GCL Green Energy shall design, implement and complete the technical transformation of the 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 technical transformation of the Photovoltaic Power Station.

Technical transformation period

The technical transformation of the Photovoltaic Power Station shall commence upon the notice of Shandong Wanhai, and is expected to complete trial production by 21 February 2023.

Consideration and payment terms

The consideration of the EPC Agreement amounts to approximately RMB13,998,356 (tax inclusive), which consists of approximately RMB7,980,023 for the purchase of equipment, approximately RMB1,691,147 for construction work, approximately RMB4,247,186 for installation work, and approximately RMB80,000 for design and construction management and other fees, which shall be settled as follows:

(i) Pre-payment

40% of the consideration of the EPC Agreement shall be paid to GCL Green Energy as pre-payment in the amount of approximately RMB5.60 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 Green Energy.

(ii) Progress payment

Based on the progress of the project and the receipt of the relevant invoice(s), Shandong Wanhai shall, within 5 business days upon receipt of the invoice(s), pay 30% and 20% of the consideration of the EPC Agreement to GCL Green Energy with respect to the purchase of equipment and grid-connection, respectively. In furtherance to the above, Shandong Wanhai shall pay approximately RMB4.20 million for the purchase of equipment and approximately RMB2.80 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 Photovoltaic Power Station to the grid for power generation, GCL Green Energy shall submit the completion acceptance and settlement information to Shandong Wanhai for review.

Subject to any comments made or objections raised by Shandong Wanhai 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 technical transformation of the Photovoltaic Power Station. Shandong Wanhai 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 Green Energy.

(iv) Quality assurance fund

Under the EPC Agreement, 3% of the EPC Settlement Payment shall be retained by Shandong Wanhai which shall only be paid to GCL Green Energy after 1 year upon completion and acceptance of the construction and the transfer of rights.

BASIS OF DETERMINATION OF THE CONSIDERATIONS

The consideration of the EPC Agreement was 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 AGREEMENTS

Please refer to the Previous Announcement for the principal terms and conditions of the Previous EPC Agreement, the Previous Rooftop Reinforcement Construction Supplementary Agreement and the Previous Photovoltaic Module Procurement Agreement.

REASONS FOR AND BENEFITS OF THE EPC AGREEMENT

As a developer of photovoltaic power station project, the Group has to engage contractors to provide EPC services to construct, develop and maintain of its power generation projects. GCL Green Energy 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 EPC Agreement will enable the Group to maintain its scale of business in the photovoltaic industry through the technical transformation 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 EPC Agreement 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.

Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are the beneficiaries of a trust (the “**Zhu Family Trust**”). As (i) GCL System Integration and its subsidiaries are associates of Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng); and (ii) Mr. Wang Dong and Ms. Hu Xiaoyan (both being executive Directors of the Company), Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai (all being non-executive Directors of the Company) all are the executives of the companies controlled by the Zhu Family Trust, they are each deemed to have a material interest in the transaction contemplated under the EPC Agreement.

Accordingly, each of Mr. Zhu Gongshan, Mr. Zhu Yufeng, Mr. Wang Dong, Ms. Hu Xiaoyan, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, and Mr. Fang Jiancai have abstained from voting on the relevant Board resolutions in respect of the EPC Agreement. Save as the above, none of the Directors have a material interest in the transactions contemplated under the EPC Agreement or is required to abstain from voting on the Board resolutions in respect of the EPC Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES TO THE EPC AGREEMENT

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.

Shandong Wanhai

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

GCL Green Energy

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

GCI System Integration

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 energy engineering, 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 Gongshan and his family (including Mr. Zhu Yufeng).

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As the Previous Agreements were entered into between indirect wholly-owned subsidiaries of the Company and GCL System Integration and/or its subsidiaries, being a connected person of the Company, within a 12-month period prior to and inclusive of the date of the EPC Agreement, the Previous Agreements shall be aggregated with the EPC Agreement under Rule 14A.81 of the Listing Rules.

Based on the aggregation of the transactions contemplated under the EPC Agreement and the Previous Agreements, as one or more of the applicable percentage ratios in respect of the transactions contemplated under the EPC Agreement and the Previous Agreements, in aggregate, are more than 0.1% but less than 5%, the EPC Agreement is 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:

“associate”	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 Shandong Wanhai and GCL Green Energy dated 9 December 2022 in relation to the technical transformation of planned construction capacity of approximately 8.58MW of part of the 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 Green Energy”	GCL Green Energy System Technology Co., Ltd.* (協鑫綠能系統科技有限公司), 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)
“PRC”	The People’s Republic of China
“Previous 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
“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
“Previous 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

“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
“Photovoltaic Power Station”	the photovoltaic power station located at Yangkou Town, Shouguang City, Weifang City, Shandong Province, the PRC with planned construction capacity of 35MW
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Wanhai”	Shandong Wanhai Solar Power Co., Ltd.* (山東萬海電力有限公司), a company incorporated in the PRC with limited liability
“Share(s)”	ordinary shares of one-twelfth (1/12) of a Hong Kong dollar each (equivalent to HK\$0.083) 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
“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 Gongshan
Chairman

Hong Kong, 9 December 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 of the Company; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive Directors of the Company; and Mr. Lee Conway Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe as independent non-executive Directors of the Company.