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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 DISPOSAL OF SUBSIDIARIES

THE PREVIOUS DISPOSALS

Reference is made to the (i) joint announcement of GCL Technology 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, (iii) the announcement of the Company dated 25 January 2022 in relation to the Third Phase Disposal and (iv) the announcement of the Company dated 21 March 2022 and the circular of the Company dated 5 May 2022 in relation to the Fourth Phase Disposal. Unless otherwise defined herein, the capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

2021 Disposals were all completed more than 12 months before the date of the Fifth Phase Share Purchase Agreements, details of which are set out in the joint announcement of GCL Technology and the Company dated 30 August 2021, the announcement of the Company dated 13 September 2021 and the circular of the Company dated 29 October 2021.

On 25 January 2022, 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, 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 Ningxia Shengjing to Hunan Xinhua and (b) sell 9.9% equity interest in Ningxia Shengjing to Hunan Xinhua after Suzhou GCL New Energy acquiring such equity interest from Qingdao Changsheng.

THE FIFTH PHASE SHARE PURCHASE AGREEMENTS

On 31 December 2022, Suzhou GCL Development and Shandong GCL New Energy, being indirect subsidiaries of the Company (as the sellers) and Hunan Xinhua (as the purchaser) entered into the Fifth Phase Share Purchase Agreements. Pursuant to the Fifth Phase Share Purchase Agreements, Suzhou GCL Development and Shandong GCL New Energy agreed to, among other things, sell the entire equity interest in Dengkou GCL Photovoltaic and 51% equity interest in Yuncheng Xinhua Energy Development to the Purchaser.

Upon completion of the Fifth Phase Disposals, the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the financial statements of the Company upon the Fifth Phase Disposals.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to RMB26,370,000, (ii) the Specific Project Payment (as defined below) amounting to RMB7,650,000 (if applicable), (iii) the total Net Payable Amount amounting to approximately RMB270,198,621, minus (iv) expected maximum Rectification Amount amounting to RMB6,630,000) is expected to be approximately RMB297,588,621, 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 Sellers, Suzhou GCL New Energy, Xian GCL New Energy and Ningxia GCL New Energy, being the indirect subsidiaries of the Company, completed the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement and entered into the Fifth Phase Share Purchase Agreements with Xinhua Hydropower Group within a 12-month period, the Company is required to consider the effect of aggregation of the 2022 Previous Disposals and the Fifth Phase Disposals as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules. Since the highest applicable percentage ratio in respect of (i) the 2022 Disposals (on an aggregated basis) exceeds 75% and (ii) the Fifth Phase Disposals (on a standalone basis) exceeds 5% but is less than 25% and the Company had complied with the very substantial disposal requirements in respect of the Fourth Phase Disposal, the entering into of the Fifth Phase Share Purchase Agreements constitutes a discloseable transaction for the Company and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

Reference is made to the (i) joint announcement of GCL Technology 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, (iii) the announcement of the Company dated 25 January 2022 in relation to the Third Phase Disposal and (iv) the announcement of the Company dated 21 March 2022 and the circular of the Company dated 5 May 2022 in relation to the Fourth Phase Disposal.

2021 Disposals were all completed more than 12 months before the date of the Fifth Phase Share Purchase Agreements, details of which are set out in the joint announcement of GCL Technology and the Company dated 30 August 2021, the announcement of the Company dated 13 September 2021 and the circular of the Company dated 29 October 2021.

On 25 January 2022, 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, 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 Ningxia Shengjing to Hunan Xinhua and (b) sell 9.9% equity interest in Ningxia Shengjing to Hunan Xinhua after Suzhou GCL New Energy acquiring such equity interest from Qingdao Changsheng.

On 31 December 2022, Suzhou GCL Development and Shandong GCL New Energy, indirect subsidiaries of the Company (as the sellers) and Hunan Xinhua (as the purchaser) entered into the Fifth Phase Share Purchase Agreements. Pursuant to the Fifth Phase Share Purchase Agreements, Suzhou GCL Development and Shandong GCL New Energy agreed to, among other things, sell the entire equity interest in Dengkou GCL Photovoltaic and 51% equity interest in Yuncheng Xinhua Energy Development to the Purchaser.

Upon completion of the Fifth Phase Disposals, the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the financial statements of the Company upon the Fifth Phase Disposals.

2. THE FIFTH PHASE SHARE PURCHASE AGREEMENTS

The principal terms of the Fifth Phase Share Purchase Agreements are set out below:

Date

31 December 2022

Parties

- (i) The Seller:
- (a) Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源發展有限公司)
 - (b) Shandong GCL New Energy Co., Ltd.* (山東協鑫新能源有限公司)
- (ii) The Purchaser: Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司)
- The Target Companies:
- (i) Dengkou GCL Photovoltaic Power Co., Ltd.* (磴口協鑫光伏電力有限公司)
 - (ii) Yuncheng Xinhua Energy Development Co., Ltd.* (鄆城鑫華能源開發有限公司)

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 Target Companies owns two operational solar power plants in the PRC with grid-connected capacity of approximately 50MW.

The table below sets out the Target Companies under each of the Fifth Phase Share Purchase Agreements:

No.	Share Purchase Agreements	Target Companies
I	Dengkou GCL Photovoltaic Share Purchase Agreement	Dengkou GCL Photovoltaic
II	Yuncheng Xinhua Energy Development Share Purchase Agreement	Yuncheng Xinhua Energy Development

For further information relating to the Target Companies, please refer to the section headed “Information on the Target Group” below.

Consideration

The aggregate consideration for the Sale Shares under the Fifth Phase Share Purchase Agreements is RMB26,370,000.

No. Share Purchase Agreements	Consideration <i>RMB</i>
I Dengkou GCL Photovoltaic Share Purchase Agreement	2,810,000
II Yuncheng Xinhua Energy Development Share Purchase Agreement	23,560,000
	<hr/>
Total	<u><u>26,370,000</u></u>

Basis of the Consideration

The Consideration under the Fifth Phase Share Purchase Agreements was determined after arm’s length negotiations between the Sellers and the Purchaser, having taken into account of, among other things:

- (i) the net asset value of the Target Group as at the Reference Date;
- (ii) the profitability of the Target Group for the financial years ended 31 December 2021 and 31 December 2020, details of which can be found in the section headed “Information on the Target Group” of this announcement;
- (iii) the reasons for the Fifth Phase Disposals as discussed in the paragraph headed “Reasons for and Benefits of the Transactions” below; and
- (iv) the cash flow position of the Target Group as at the Reference Date.

Payment Arrangement of the Consideration

The Consideration under the Fifth Phase Share Purchase Agreements shall be paid by the Purchaser to the Sellers in the following manner:

First instalment: The Purchaser shall pay a total of RMB15,636,000 (the “**First Instalment**”) to the Sellers within five Business Days upon the signing of the Fifth Phase Share Purchase Agreements.

Second instalment: The Purchaser shall pay a total of RMB10,734,000, being the remaining balance of the Consideration (the “**Second Instalment**”), to the Sellers 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; and
- (ii) the Registration Procedures in respect of the Fifth Phase Disposals have been completed.

Specific Project Payment

Pursuant to the Yuncheng Xinhua Energy Development Share Purchase Agreement, the solar power plant operated by Yuncheng Xinhua Energy Development has a non-grid connected capacity of 4.595MW (the “**Non-Grid Connected Capacity**”) as at the date of the Yuncheng Xinhua Energy Development Share Purchase Agreement and the related project payment is RMB7,650,000 (the “**Specific Project Payment**”).

If Shandong GCL New Energy confirms after Closing that the Non-Grid Connected Capacity can realize grid-connected power generation, Shandong GCL New Energy and the Purchaser shall actively coordinate with the grid company to complete grid-connection power generation for such Non-Grid Connected Capacity within two years from the Closing. Shandong GCL New Energy agreed that the Purchaser may withhold the Specific Project Payment and the Purchaser agreed to pay such Specific Project Payment within 10 days after the Non-Grid Connected Capacity becomes grid-connected.

Payment arrangement of the Net Payable Amount

The Amount Payable as at the Reference Date will be set off against the Amount Receivable as at the Reference Date in order to ascertain the Net Payable Amount as at the Reference Date payable by the Target Companies to the Seller, which such payment of the Target Companies shall be procured by the Purchaser and paid to the Sellers within 45 days from the Closing Date. As at the Reference Date, the Net Payable Amount payable by the Target Companies to the Sellers is approximately RMB270,198,621.

The table below sets out the carrying amount of the Net Payable Amount of each of the Target Companies under each of the Fifth Phase Share Purchase Agreements as at the Reference Date:

No.	Target Companies	Initial Net	Rectification	Actual Net
		Payable Amount <i>(Note)</i>	Amount <i>(Note)</i>	Payable Amount <i>(Note)</i>
		RMB	RMB	RMB
I	Dengkou GCL Photovoltaic	77,560,672	(3,000,000)	74,560,672
II	Yuncheng Xinhua Energy Development	<u>192,637,949</u>	<u>(3,630,000)</u>	<u>189,007,949</u>
Total		<u>270,198,621</u>	<u>(6,630,000)</u>	<u>263,568,621</u>

Note: The Actual Net Payable Amount under each of the Fifth Phase Share Purchase Agreements payable by the Target Companies to the Sellers represents the deduction of the agreed rectification amount for the engineering and compliance defects of each of the Target Companies under each of the Fifth Phase Share Purchase Agreements (“**Rectification Amount**”) from the initial Net Payable Amount to be received by the Sellers under each of the Fifth Phase Share Purchase Agreements.

The Sellers and the Purchaser agreed to calculate the interest of the Net Payable Amount as at the Reference Date and the newly incurred Net Payable Amount during the Transition Period (excluding the Rectification Amount) based on the interest rate agreed in the separate loan agreement dated 1 January 2022.

Payment arrangement of the Rectification Amount

The Sellers undertake to rectify the engineering and compliance defects specified under the Fifth Phase Share Purchase Agreements within one month from the Closing Date. The maximum Rectification Amount under the Fifth Phase Share Purchase Agreements amounts to RMB6,630,000.

If the Sellers fails to rectify certain engineering and compliance defects within the agreed deadline, the Purchaser shall be entitled to deduct the Rectification Amount from the Net Payable Amount as at the Reference Date payable by the Target Companies to the Sellers.

Other Undertakings

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

- (i) within six months after the Closing Date, the Purchaser undertakes to provide guarantee substitution or procure the Target Companies’ early repayment of its liabilities owed to the financial institutions in order to release the existing guarantees provided by the Sellers or its affiliates in respect of such liabilities;

- (ii) within three years from the Closing Date, if the tax authority imposes any supplemental tax amount, surcharge or penalty on the Target Companies in connection to the laws and policies existed prior to the Closing Date, such amount payable by the Target Companies to the tax authority shall be borne by the Sellers and the Purchaser is entitled to recover such amount paid by the Purchaser and Target Companies to the tax authority from the Sellers;
- (iii) (applicable to Yuncheng Xinhua Energy Development only) Shandong GCL New Energy shall submit the registration application in relation to the consolidation of Yuncheng Xinyuan Agricultural within five days upon the signing of the Yuncheng Xinhua Energy Development Share Purchase Agreement; and
- (iv) in the event of any other circumstance specified in the Fifth Phase Share Purchase Agreements that may cause the Sellers to be liable for any damages or compensation to the Target Companies, the Purchaser is entitled to request the Sellers to pay the amount of such damages or compensation.

Conditions Precedent

Pursuant to the Yuncheng Xinhua Energy Development Share Purchase Agreement, the transactions contemplated under Yuncheng Xinhua Energy Development Share Purchase Agreement shall subject to the fulfilment of all of the following conditions precedent:

- (i) Shandong GCL New Energy and the Purchaser having obtained the relevant bank consent from the pledgee of the Existing Assets Pledge in relation to the equity transfer of Yuncheng Xinhua Energy Development (the “**Bank Consent**”);
- (ii) the relevant permits, approvals and authorisations specified in the Yuncheng Xinhua Energy Development Share Purchase Agreement having been obtained in accordance with the applicable laws; and
- (iii) the entering into and the performance of the Yuncheng Xinhua Energy Development Share Purchase Agreement is not contradictory to the business license, by-laws or constitutional document of Yuncheng Xinhua Energy Development and will not result in breach of law, government permits, or any contract which Yuncheng Xinhua Energy Development is a party of.

In the event that Shandong GCL New Energy fails to obtain the Bank Consent within 90 Business Days from the date of Yuncheng Xinhua Energy Development Share Purchase Agreement, either Shandong GCL New Energy or the Purchaser is entitled to terminate the Yuncheng Xinhua Energy Development Share Purchase Agreement.

Closing

The Closing under the Dengkou GCL Photovoltaic Share Purchase Agreement shall take place within 15 Business Days from the date of the Dengkou GCL Photovoltaic Share Purchase Agreement. The Closing under the Yuncheng Xinhua Energy Development Share Purchase Agreement shall take place within five Business Days upon the receipt of the Bank Consent.

Transition Period

The profits and losses of the Target Companies during the Transition Period shall be enjoyed and borne by the respective Target Company. The Sellers undertake not to provide external guarantee or distribute dividend on behalf of the Target Companies during the Transition Period.

Pursuant to the Fifth Phase Share Purchase Agreements, the Purchaser shall engage an auditing agency to audit the financials of the Target Companies for Transition Period and prepare the Transition Period Audit Report within a month after the Closing Date. The Purchaser shall procure the Target Companies to pay the Net Payable Amount newly incurred during the Transition Period, which shall be determined in accordance with the Transition Period Audit Report, to the Sellers within 20 days after the completion of the Transition Period Audit Report.

Termination

The Purchaser is entitled to terminate the respective Fifth Phase Share Purchase Agreement upon the occurrence of any of the following circumstances:

- (i) freeze of the equity or assets of the Target Companies during litigation or arbitration caused by the Sellers or the Target Companies before Closing, and the Sellers fail to resolve the issue within 180 days from the effective date of the respective Fifth Phase Share Purchase Agreement; or
- (ii) undisclosed liabilities of the Target Companies with an amount of RMB10 million identified before Closing and the Sellers and the Target Companies fail to repay such liabilities before the Closing Date.

Upon the termination of the Fifth Phase Share Purchase Agreements, the Sellers shall repay the funds paid by the Purchaser to the Purchaser together with an interest calculated according to the market interest rate published by the National Interbank Funding Center (全國銀行間同業拆借中心).

3. INFORMATION ON THE PARTIES TO THE FIFTH PHASE SHARE PURCHASE AGREEMENTS

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.

Suzhou GCL Development

Suzhou GCL Development is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Suzhou GCL Development is principally engaged in the development, operation and management of solar power plants in the PRC.

Shandong GCL New Energy

Shandong GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Shandong GCL New Energy is principally engaged in the development, operation and management of solar power plants 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 approximately 99.21% 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 approximately 91% by the State-owned Assets Supervision and Administration Commission of the People's Government of Hunan Province in the PRC and approximately 9% by the People's Government of Hunan Province.

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 GROUP

The table below sets out the information on the Target Companies under each of the Fifth Phase Share Purchase Agreements:

Share Purchase		Information on the Target Companies
No.	Agreements	
I	Dengkou GCL Photovoltaic Share Purchase Agreement	Dengkou GCL Photovoltaic is a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL Development and an indirect subsidiary of the Company. Dengkou GCL Photovoltaic is principally engaged in the operation of solar power plants in the PRC.
II	Yuncheng Xinhua Energy Development Share Purchase Agreement	Yuncheng Xinhua Energy Development is a company established in the PRC with limited liability, which is owned as to 51% by Shandong GCL New Energy and 49% by Shuihu Urban Construction, an independent third party to the Company. Yuncheng Xinhua Energy Development is an indirect subsidiary of the Company and 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 years ended 31 December 2020 and 31 December 2021 of each of the Target Companies prepared in accordance with China Accounting Standards:

Share Purchase Agreements	Target Companies	For the year ended 31 December			
		2021		2020	
		(Loss)/ profit before taxation	(Loss)/ profit after taxation	Profit before taxation	Profit after taxation
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
I	Dengkou GCL Photovoltaic	(3,803)	(3,804)	4,905	4,905
II	Yuncheng Xinhua Energy Development	15,277	13,438	16,458	14,259

The unaudited net assets as at the Reference Date (i.e. 31 December 2021) and 30 June 2022 of the Target Companies amounted to approximately RMB79,686,904 and approximately RMB87,909,722, respectively.

Yuncheng Xinyuan Agricultural is a company established in the PRC with limited liability. It is principally engaged in consulting and technology development of agricultural business. As at the date of this announcement, Yuncheng Xinyuan Agricultural is wholly-owned by Yuncheng Xinhua Energy Development.

Yuncheng Xinyuan Agricultural has recorded no profit or revenue for the years ended 31 December 2021 and 31 December 2020. The unaudited total assets as at 30 June 2022 of Yuncheng Xinyuan Agricultural amounted to approximately RMB188,776. The unaudited net liabilities as at the Reference Date and 30 June 2022 of Yuncheng Xinyuan Agricultural amounted to approximately RMB3,880,886 and approximately RMB3,735,640, respectively.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

Upon the Closing, the Target Group will cease to be subsidiaries of the Group, and the profit and loss, as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

As at the date of this announcement, assuming the Non-Grid Connected Capacity can realize grid-connected power connection, it is estimated that the Group will realise a net loss on the Fifth Phase Disposals of approximately RMB20,046,585 and such loss is calculated with reference to the difference between the sum of the Consideration of RMB26,370,000 and the Specific Project Payment of RMB7,650,000 and the net asset value attributed to the disposed Sale Shares based on the unaudited financial statements of the Target Companies as at the Reference Date of approximately RMB47,436,585, after deducting expected Rectification Amount amounting to approximately RMB6,630,000. Assuming the Non-Grid Connected Capacity cannot realize grid-connected power connection, it is expected that the Group will realise a net loss on the Fifth Phase Disposals of approximately RMB27,696,585. The actual loss as a result of the Fifth Phase Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the Fifth Phase Disposals.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB26,370,000, (ii) the Specific Project Payment amounting to RMB7,650,000 (if applicable), (iii) the total Net Payable Amount amounting to approximately RMB270,198,621, minus (iv) expected maximum Rectification Amount amounting to approximately RMB6,630,000) is expected to be approximately RMB297,588,621, 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

As part of its “transformation and upgrade” development objective, the Company has been taking steps towards transforming to an asset-light model. Upon completion of the Transactions, the Target Group will no longer be subsidiaries of the Group, and the profit and loss as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB333,821,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB297,588,621 will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 1.2%, calculated with reference to the unaudited financial statements of the Group as at 30 June 2022, thus effectively reducing the financial risks.

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 Fifth Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

As the Sellers, Suzhou GCL New Energy, Xian GCL New Energy and Ningxia GCL New Energy, being the indirect subsidiaries of the Company, completed the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement and entered into the Fifth Phase Share Purchase Agreements with Xinhua Hydropower Group within a 12-month period, the Company is required to consider the effect of aggregation of the 2022 Previous Disposals and the Fifth Phase Disposals as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules. Since the highest applicable percentage ratio in respect of (i) the 2022 Disposals (on an aggregated basis) exceeds 75% and (ii) the Fifth Phase Disposals (on a standalone basis) exceeds 5% but is less than 25% and the Company had complied with the very substantial disposal requirements in respect of the Fourth Phase Disposal, the entering into of the Fifth Phase Share Purchase Agreements constitutes a discloseable transaction for the Company and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

10. DEFINITIONS

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

“2021 Disposals”	the Previous De Minimis Disposal, the First Phase Disposals and the Second Phase Disposals
“2022 Disposals”	the Third Phase Disposal, the Fourth Phase Disposal and the Fifth Phase Disposals

“2022 Previous Disposals”	the Third Phase Disposal and the Fourth Phase Disposal
“affiliates”	for the purpose of this announcement, means affiliates of the Target Companies, which shall include Suzhou GCL Development and Shandong GCL New Energy
“Amount Payable”	the amount payable (if any) by the Target Companies to the Sellers and their respective affiliates (if applicable, including other subsidiaries of the Company) under the Fifth Phase Share Purchase Agreements
“Amount Receivable”	the amount receivable (if any) by the Target Companies from the Sellers and their respective affiliates (if applicable, including other subsidiaries of the Company) under the Fifth Phase Share Purchase Agreements
“Announcement”	the announcement of the Company dated 21 March 2022 in relation to the Fourth 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”	closing of the Fifth Phase Disposals in accordance with the Fifth Phase Share Purchase Agreements
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Companies upon the completion of the Registration Procedures
“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 consideration of the Fifth Phase Disposals
“Dengkou GCL Photovoltaic”	Dengkou GCL Photovoltaic Power Co., Ltd* (磴口協鑫光伏電力有限公司), a company established in the PRC with limited liability and is directly wholly-owned by Suzhou GCL Development. Dengkou GCL Photovoltaic is an indirect subsidiary of the Company as at the date of this announcement

“Dengkou GCL Photovoltaic Share Purchase Agreement”	an equity transfer agreement dated 31 December 2022 entered into between the Purchaser and Suzhou GCL Development in relation to the sale of the entire equity interest in Dengkou GCL Photovoltaic
“Directors”	the directors of the Company
“Existing Asset Pledges”	the pledges of the certain assets of Yuncheng Xinhua Energy Development by Shandong GCL New Energy to certain financial institutions
“Fifth Phase Share Purchase Agreements”	the Dengkou GCL Photovoltaic Share Purchase Agreement and the Yuncheng Xinhua Energy Development Share Purchase Agreement
“Fifth Phase Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchaser as contemplated under the Fifth Phase Share Purchase Agreements
“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
“Fourth Phase Disposal”	the disposal of the entire equity interest of Ningxia Shengjing by stages as contemplated under the Fourth Phase Share Purchase Agreement
“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 entire equity interest of Ningxia Shengjing by stages
“GCL Technology”	GCL Technology Energy Holdings Limited (協鑫科技控股有限公司), 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
“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 Companies by the Sellers or the Target Companies to Hunan Xinhua
“Handover of Assets and Information”	handover of all assets and information of the Target Companies, including but not limited to financial data, project approval data, engineering data and maintenance data by the Sellers or the Target Companies 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 Shengjing”	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 and ceased to be an indirect subsidiary of the Company in June 2022
“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 Disposal”	the disposal of the entire equity interest in Yanyuan Xian Baiwu by Suzhou GCL New Energy to Hunan Xinhua

“Previous Disposals”	the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals, the Third Phase Disposal and the Fourth Phase Disposal
“Rectification Amount”	the agreed rectification amount for the engineering and compliance defects of the Target Companies under the Fifth Phase Share Purchase Agreements
“Reference Date”	31 December 2021
“Registration Procedures”	the registration procedures in respect of the change of shareholders of the Target Companies and other relevant filing procedures in respect of the Fifth Phase Disposals in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire equity interest in Dengkou GCL Photovoltaic and the 51% equity interest in Yuncheng Xinhua Energy Development held by the respective Seller as at the date of this announcement
“Second Phase Disposals”	the disposal of the entire equity interest in Shenmu Jingfu and Shenmu Jingpu by stages
“Sellers”	Suzhou GCL Development and Shandong GCL New Energy
“Shandong GCL New Energy”	Shandong GCL New Energy Co., Ltd.*(山東協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the date of this announcement
“Shareholders”	the shareholders 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

“Suzhou GCL Development”	Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源發展有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the date of this announcement
“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
“Target Companies”	Dengkou GCL Photovoltaic and Yuncheng Xinhua Energy Development
“Target Group”	the Target Companies and Yuncheng Xinyuan Agricultural
“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 Fifth Phase Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the Closing Date
“Transition Period Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial status of the Target Companies in the period from the Reference Date to the Closing Date in accordance with the Fifth Phase Share Purchase Agreements
“Xian GCL New Energy”	Xian GCL New Energy Management Co., Ltd.* (西安協鑫新能源管理有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the date of this announcement
“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 2021 Disposals and 2022 Disposals are subject to the approval of Xinhua Hydropower

“Yuncheng Xinhua Energy Development”	Yuncheng Xinhua Energy Development Co., Ltd* (鄆城鑫華能源開發有限公司), a company established in the PRC with limited liability and is directly owned as to 51% by Shandong GCL New Energy and 49% by Shuihu Urban Construction. Yuncheng Xinhua Energy Development is an indirect subsidiary of the Company as at the date of this announcement
“Yuncheng Xinhua Energy Development Share Purchase Agreement”	an equity transfer agreement dated 31 December 2022 entered into between the Purchaser and Shandong GCL New Energy in relation to the sale of the 51% equity interest in Yuncheng Xinhua Energy Development
“Yuncheng Xinyuan Agricultural”	Yuncheng Xinyuan Agricultural Development Co., Ltd* (鄆城鑫源農業開發有限公司), a company established in the PRC with limited liability and wholly-owned by Yuncheng Xinhua Energy Development 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 Gongshan
Chairman

Hong Kong, 2 January 2023

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.