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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 A SUBSIDIARY

THE SECOND PHASE SHARE PURCHASE AGREEMENT

Reference is made to the joint announcement of GCL-Poly and GNE dated 25 June 2021 (after trading hours) in relation to the Previous De Minimis Disposals and the First Phase Disposals. Unless otherwise defined herein, the capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

The GNE Board announces that on 5 July 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of GNE (as the seller) and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (as the purchaser) entered into the Second Phase Share Purchase Agreement. Pursuant to the Second Phase Share Purchase Agreement, the Seller agreed to, among other things, sell the entire equity interest in the Target Company.

Upon completion of the Second Phase Disposal, the Target Company will cease to be a subsidiary of GNE. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of GNE upon Closing.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (including the Consideration and the Amount Payable as at the Reference Date by the Target Company) is expected to be approximately RMB305,934,700, which GNE intends to use for repayment of its debts.

LISTING RULES IMPLICATIONS

As the Seller and Yunnan GCL New Energy, being the indirect subsidiaries of GNE, entered into the Previous De Minimis Agreements, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreement with Guizhou West Power within a 12-month period, the Previous De Minimis Disposals, the First Phase Disposals and the Second Phase Disposal shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the entering into of the Second Phase Disposal constitutes a discloseable transaction for GNE and it shall comply with the reporting and announcement requirements, but shall be exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

Reference is made to the joint announcement of GCL-Poly and GNE dated 25 June 2021 (after trading hours) in relation to the Previous De Minimis Disposals and the First Phase Disposals (the “**Joint Announcement**”). Unless otherwise defined herein, the capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

The GNE Board announces that on 5 July 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of GNE (as the seller) and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (as the purchaser) entered into the Second Phase Share Purchase Agreement. Pursuant to the Second Phase Share Purchase Agreement, the Seller agreed to, among other things, sell the entire equity interest in the Target Company.

Upon completion of the Second Phase Disposal, the Target Company will cease to be a subsidiary of GNE. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of GNE upon Closing.

2. THE SECOND PHASE SHARE PURCHASE AGREEMENT

The principal terms of the Second Phase Share Purchase Agreement are set out below:

Date

5 July 2021 (after trading hours)

Parties

(i) The Seller: Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)

- (ii) The Purchaser: Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司)

To the best of the GNE Directors' knowledge, information and belief, having made all reasonable enquiries, Guizhou West Power and its ultimate beneficial owner(s) are third parties independent of GNE and its connected persons.

Subject Matter

The entire equity interest held in the Target Company will be sold by the Seller to the Purchaser.

The Target Company owns an operational solar power plant in the PRC with an aggregate grid-connected capacity of approximately 50MW.

For further information relating to the Target Company, please refer to the section headed "Information on the Target Company" below.

Consideration

The Consideration under the Second Phase Share Purchase Agreement is RMB43,100,000.

Basis of the Consideration

The Consideration under the Second Phase Share Purchase Agreement was determined after arm's length negotiations between the Seller and the Purchaser, having taken into account of, among other things:

- (i) the net asset value of the Target Company as at the Reference Date;
- (ii) the profitability of the Target Company for the financial years ended 31 December 2020 and 31 December 2019, details of which can be found in the section headed "Information on the Target Company" of this announcement;
- (iii) the reasons for the Second Phase Disposal as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and
- (iv) the cash flow position of the Target Company at the Reference Date.

Payment Arrangements of the Consideration

The aggregate Consideration under the Second Phase Share Purchase Agreement shall be paid by the Purchaser to the Seller in the following manner:

First instalment

The Purchaser shall pay a total of RMB25,860,000 (the “**First Instalment**”) to the Seller within seven Business Days after the fulfilment of the following conditions:

- (a) the Second Phase Share Purchase Agreement has become effective;
- (b) the delivery and handover of the corporate and statutory documents of the Target Company specified in the Second Phase Share Purchase Agreement has been completed; and
- (c) the Purchaser has received the valid invoice from the Seller stating the amount of First Instalment payable by the Purchaser.

Second instalment

The Purchaser shall pay a total of RMB17,240,000 (the “**Second Instalment**”) to the Seller within seven Business Days after the Closing Date and upon receiving the valid invoice from the Seller stating the amount of Second Instalment payable by the Purchaser.

Payment arrangement of the Amount Payable

The Purchaser shall repay on behalf of the Target Company the Amount Payable (i.e. RMB 262,834,700), which shall be determined in accordance with the Closing Audit Report, in full within one month after the completion of the Registration Procedures.

Other Undertakings by the Seller

The Seller agreed to be subject to, including but not limited to, the following undertakings and shall be responsible for the relevant expenses incurred:

- (i) all necessary procedures and relevant authorisations in relation to the Second Phase Disposal have been performed and obtained;
- (ii) all the relevant approvals, licenses, permits and qualifications for the business operation of the Target Company have been obtained legally and effectively;
- (iii) the Target Company has no material violations of laws and regulations and contingent risks. The Seller shall be responsible for all administrative penalties, litigation costs and expenses, and relevant losses of the Target Company resulting from any event occurred before the Closing Date or non-disclosure of material events or liabilities to the Purchaser; and

- (iv) the Seller shall cooperate with the Purchaser and the Target Company to release the existing pledge on the equity interest of the Target Company.

Other Undertakings by the Purchaser

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

- (i) the Purchaser shall cooperate with the Seller and the Target Company to release the existing pledge on the equity of the Target Company;
- (ii) all necessary procedures and relevant authorisations in relation to the Second Phase Disposal have been performed and obtained;
- (iii) if the Target Company incurs any loss resulting from any act of the Purchaser after the delivery and handover of the corporate statutory documents of the Target Company from the Seller, the Purchaser shall be responsible for the relevant loss incurred; and
- (iv) within 90 Business Days following the Closing Date, the Purchaser shall complete the replacement of guarantees of the Target Company or take other measures to release the Seller or its affiliates from the existing guarantees (if any) related to the Target Company.

Transition Period Arrangement

During the Transition Period, the Seller and the Purchaser agreed to be subject to, including but not limited to, the following arrangements:

- (i) profit or loss of the Target Company during the Transition Period shall be enjoyed or borne by the Purchaser; and
- (ii) the Target Company shall not take various actions, such as payment of dividend, specified in the Second Phase Share Purchase Agreement during the Transition Period before obtaining the written consent from the Purchaser.

Closing

The Purchaser and the Seller shall strive to complete with the Registration Procedures within 30 Business Days after receiving the First Instalment from the Purchaser and upon the approval by the GNE Board in respect of the entering of the Second Phase Share Purchase Agreement and the Transactions.

The date of issuance as stated on the new business certificate of the Target Company upon the completion of the Registration Procedures shall be the Closing Date for the Transactions.

3. INFORMATION ON THE PARTIES TO THE SECOND PHASE SHARE PURCHASE AGREEMENT

The GNE Group

GNE is incorporated in Bermuda as exempted company with limited liability. The principal business of GNE is investment holding.

The GNE Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the date of this announcement, GNE is a subsidiary of GCL-Poly.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of GNE. Suzhou GCL New Energy is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment. Suzhou GCL New Energy indirectly owns a majority of solar power plants of GNE in the PRC.

4. INFORMATION ON THE PURCHASER

Guizhou West Power is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of State Power Investment Corporation Guizhou Jinyuan Co., Ltd.* (國家電投集團貴州金元股份有限公司) (“**SPIC Guizhou Jinyuan**”). As confirmed by Guizhou West Power, SPIC Guizhou Jinyuan is (i) indirectly wholly-owned as to approximately 68.05% by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), (ii) indirectly wholly-owned as to approximately 25.21% by the State-owned Assets Supervision and Administration Commission of Guizhou Provincial People’s Government* (貴州省人民政府國有資產監督管理委員會) and (iii) directly owned as to approximately 6.74% by other shareholders who are natural person, amongst which, no individual shareholder owned over 1% equity interest in Guizhou West Power. Guizhou West Power is principally engaged in the new energy photovoltaic power generation and renewable hydropower business in the PRC.

5. INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE. The Target Company is 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 year ended 31 December 2019 and 31 December 2020 of the Target Company prepared in accordance with China Accounting Standards:

	For the year ended 31 December			
	2020		2019	
	Profit before taxation	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>
The Target Company	26,041	25,993	25,828	25,828

As at 31 December 2019 and the Reference Date (i.e. 31 December 2020), the audited net assets of the Target Company amounted to approximately RMB13,198,557 and approximately RMB7,473,193, respectively.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

After the Closing Date, the Target Company will cease to be a subsidiary of the GNE Group, and the profit and loss, as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the GNE Group.

As at the date of this announcement, it is estimated that the GNE Group will realise a net gain on the Second Phase Disposal of approximately RMB35,626,807 and such gain is calculated with reference to the difference between the aggregate Consideration of approximately RMB43,100,000 and the net asset value of the disposed Sale Shares based on the audited financial statements of the Target Company as at the Reference Date of approximately RMB7,473,193. The actual gain as a result of the Second Phase Disposal to be recorded by the GNE Group is subject to audit and will be reassessed after completion of the Second Phase Disposal.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (including the Consideration and the Amount Payable as at the Reference Date by the Target Company) is expected to be approximately RMB305,934,700, which GNE intends to use for repayment of its debts.

8. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As part of its “transformation and upgrade” development objective, GNE has been taking steps towards transforming to an asset-light model. Upon completion of the Transactions, the Target Company will no longer be a subsidiary of the GNE Group, and the profit and loss as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the GNE Group. The liabilities of the GNE Group will

decrease by approximately RMB30,019,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB305,934,700 will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 0.1%, calculated with reference to the audited financial statements of the GNE Group as at 31 December 2020, thus effectively reducing the financial risks.

GNE intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including Guizhou West Power to achieve an asset-light model. After entering into the Transactions, the GNE Group and Guizhou West Power will further explore other co-operation opportunities, including but not limited to, in relation to the GNE Group's existing solar power plants and new solar power plants to be developed in the PRC.

GNE and Guizhou West Power are proactively promoting the aforementioned cooperation, and plan to reach and execute more agreements in relation to disposals or joint development of solar power plants in the near future.

Based on the above reasons and having considered all relevant factors, the GNE 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 Second Phase Share Purchase Agreement is in the interests of GNE and the GNE Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

As the Seller and Yunnan GCL New Energy, being the indirect subsidiaries of GNE, entered into the Previous De Minimis Agreements, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreement with Guizhou West Power within a 12-month period, the Previous De Minimis Disposals, the First Phase Disposals and the Second Phase Disposal shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the entering into of the Second Phase Disposal constitutes a discloseable transaction for GNE and it shall comply with the reporting and announcement requirements, but shall be exempted from the circular and shareholders' approval 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.

“affiliates”	for the purpose of this announcement, means affiliates of the Target Company, which shall include Suzhou GCL New Energy
“Amount Payable”	the amount payable by the Target Company to the Seller and its affiliates (if applicable, including other subsidiaries of GNE) as at the Reference Date as set out in the Second Phase Share Purchase Agreement
“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 Second Phase Disposal in accordance with the Second Phase Share Purchase Agreement
“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial status of the Target Company in the period from the Reference Date to the Closing Date in accordance with the Second Phase Share Purchase Agreement
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company upon the completion of the Registration Procedures
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Second Phase Disposal
“Disposals”	the Previous De Minimis Disposals, the First Phase Disposals and the Second Phase Disposal

“First Phase Disposals”	the proposed disposals of 80% equity interest in Yuanmou Green Power and the entire equity interest in each of Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai by Suzhou GCL New Energy and Yunnan GCL New Energy to Guizhou West Power as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	the series of seven share purchase agreements dated 25 June 2021 entered into between Suzhou GCL New Energy, Yunnan GCL New Energy and Guizhou West Power, as detailed in the Joint Announcement
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the date of this announcement, GNE is a subsidiary of GCL-Poly
“GNE”	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
“GNE Board”	the board of GNE Directors
“GNE Directors”	the directors of GNE
“GNE Group”	GNE and its subsidiaries
“GNE Shareholders”	the shareholders of GNE
“Guizhou West Power” or “Purchaser”	Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司), a company established in the PRC with limited liability and an independent third party to GNE
“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, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Reference Date”	31 December 2020
“Registration Procedures”	the registration procedures in respect of the change of shareholders of the Target Company and other relevant filing procedures in respect of the Second Phase Disposal in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire equity interest in the Target Company
“Second Phase Disposal”	the proposed disposal of the entire equity interest in the Target Company by Suzhou GCL New Energy to Guizhou West Power as contemplated under the Second Phase Share Purchase Agreement
“Second Phase Share Purchase Agreement”	an equity transfer agreement dated 5 July 2021 entered into between Suzhou GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in the Target Company
“Seller”	Suzhou GCL New Energy
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“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 GNE as at the date of this announcement
“Target Company”	Eshan GCL Solar Power Generation Company Limited* (峨山永鑫光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE as at the date of this announcement

“Transactions”	the transactions contemplated under the Second Phase Share Purchase Agreement
“Transition Period”	the period between the Reference Date and the Closing Date
“Yunnan GCL New Energy”	Yunnan GCL New Energy Co., Ltd.* (雲南協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE as at the date of this announcement
“%”	per cent.

* *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 GNE Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Zhu Yufeng
Chairman

Hong Kong, 5 July 2021

As at the date of this announcement, the GNE Board comprises Mr. Zhu Yufeng (Chairman), Mr. Liu Genyu and Ms. Hu Xiaoyan as executive directors of GNE; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive directors of GNE; and Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive directors of GNE.