

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTION WITH GCL SOLAR ENERGY LIMITED

CONTINUING CONNECTED TRANSACTION WITH GCL SOLAR ENERGY LIMITED

On 21 May 2019 (after trading hours), GCL New Energy, Inc., as service provider, and GCL Solar Energy, as service recipient, entered into the Asset Management and Administrative Services Agreement for a term of three years. Under the Asset Management and Administrative Services Agreement, GCL New Energy, Inc. will provide certain asset management and administrative services to GCL Solar Energy for a consideration of US\$500,000 per year.

Suzhou GCL Operation, as service provider, also entered into the following de minimis continuing connected transactions in the past 12 months:

- (i) the Jinzhai Operation Services Agreement I on 23 September 2018 with Jinzhai Xinrui as the service recipient for a term of one year and a consideration of RMB1,000,000;
- (ii) the Jinzhai Operation Services Agreement II on 28 September 2018 with Jinzhai Xinrui as the service recipient for a term of one year and a consideration of RMB2,000,000; and
- (iii) the Wuhan Operation Services Agreement on 10 May 2019 with Wuhan Huaxin as the service recipient for a term of one year and a consideration of RMB405,000.

(together the “**Previous De Minimis Operation Services Agreements**”)

GCL Solar Energy and Wuhan Huaxin are indirect subsidiaries of GCL-Poly, a substantial shareholder of the Company, which is in turn ultimately controlled by the Zhu Family Trust, under which Mr. Zhu Yufeng is one of the beneficiaries. GCL Solar Energy and Wuhan Huaxin are therefore connected persons of the Company under the Listing Rules. Jinzhai Xinrui is an

indirect subsidiary of GCL System Integration, a substantial shareholder of the Company, which is in turn ultimately controlled by Mr. Zhu Yufeng and the Zhu Family Trust, under which Mr. Zhu Yufeng is one of the beneficiaries. Jinzhai Xinrui is therefore a connected person of the Company under the Listing Rules.

As the Previous De Minimis Operation Services Agreements and the Asset Management and Administrative Services Agreement are entered into with parties who are indirect subsidiaries of GCL-Poly or GCL System Integration, which are ultimately controlled by Mr. Zhu Yufeng or the Zhu Family Trust, within a 12-month period, the Previous De Minimis Operation Services Agreements and the Asset Management and Administrative Services Agreement shall be aggregated under Rule 14A.81 of the Listing Rules. The entering into of the Asset Management and Administrative Services Agreement by GCL New Energy, Inc. and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the annual cap of the transactions contemplated under the Asset Management and Administrative Services Agreement, the consideration under the Previous De Minimis Operation Services Agreements and the annual cap of the transactions contemplated under the Disclosed Continuing Connected Transaction (in aggregate) is more than 0.1% but less than 5%, the entering into of the Asset Management and Administrative Services Agreement is subject to the reporting, announcement and annual review requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

1. CONTINUING CONNECTED TRANSACTION WITH GCL SOLAR ENERGY LIMITED

On 21 May 2019 (after trading hours), GCL New Energy, Inc., as service provider, and GCL Solar Energy, as service recipient, entered into the Asset Management and Administrative Services Agreement for a term of three years. Under the Asset Management and Administrative Services Agreement, GCL New Energy, Inc. will provide certain asset management and administrative services to GCL Solar Energy for a consideration of US\$500,000 per year. The principal terms and conditions of the Asset Management and Administrative Services Agreement are set out below.

Principal terms of the Asset Management and Administrative Services Agreement

(i) Date

21 May 2019

(ii) Parties

Service provider: GCL New Energy, Inc.

Service recipient: GCL Solar Energy

(iii) Services

GCL New Energy, Inc. agreed to provide, and GCL Solar Energy agreed to receive, management services for certain GCL Solar Energy's overseas operations in South Africa and the U.S., and related administrative services, in particular but not limited to operating certain solar power plant projects in South Africa and the U.S. ("**Management Services**").

(iv) Service fees and reimbursements

GCL Solar Energy shall pay and GCL New Energy, Inc. shall receive an annual fee for the Management Services of US\$500,000 ("**Annual Fee**").

GCL Solar Energy shall reimburse GCL New Energy, Inc. for all reasonable non-wage costs and expenses arising from or related to the performance of the Management Services ("**Reimbursement**"), including, but not limited to, third party professional fees, office equipment lease payments, travel costs and expenses, office supplies and pre-agreed third party engineering fees.

(v) Term

Three years from 21 May 2019

(vi) Payment Terms

GCL Solar Energy shall pay to GCL New Energy, Inc.:

- (a) the Annual Fee proportionately within 1 month of each quarter end; and
- (b) the Reimbursement within 5 business days following receipt of the invoice from GCL New Energy, Inc. each quarter.

(vii) Limitation of Liability

The aggregate amount of damages, compensation or other liabilities payable by GCL New Energy, Inc. under the Asset Management and Administrative Services Agreement shall be limited to US\$10,000 in each calendar year.

(viii) Basis of the consideration

The consideration under the Asset Management and Administrative Services Agreement was determined on normal commercial terms after arm's length negotiation with reference to the prevailing market prices of the Management Services provided, the cost of providing the Management Services and the scope of work to be provided in respect of the Management Services.

2. NEW ANNUAL CAPS

The annual caps for the continuing connected transactions under the Asset Management and Administrative Services Agreement are set out below (the “**New Annual Caps**”):

Type of service fee	For the period from 21 May 2019 to 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021	For the period from 1 January 2022 to 31 May 2022
Annual fee	US\$308,219	US\$500,000	US\$500,000	US\$191,781

The New Annual Caps are based on the Annual Fee.

Set out below are the historical transaction amounts for reference:

Type of service fee	For the period from 19 May 2016 to 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018	For the period from 1 January 2019 to 31 May 2019
Annual fee	US\$309,140	US\$500,000	US\$500,000	US\$190,860

3. THE PREVIOUS DE MINIMIS OPERATION SERVICES AGREEMENTS

Principal terms of the Jinzhai Operation Services Agreement I and the Jinzhai Operation Services Agreement II

(i) Date

Jinzhai Operation Services Agreement I: 23 September 2018

Jinzhai Operation Services Agreement II: 28 September 2018

(ii) Parties

Service provider: Suzhou GCL Operation

Service recipient: Jinzhai Xinrui

(iii) Services

Suzhou GCL Operation agreed to provide, and Jinzhai Xinrui agreed to receive, management services for the Jinzhai Project Phase I and Jinzhai Project Phase II.

(iv) Service fees

Pursuant to the Jinzhai Operation Services Agreement I, Jinzhai Xinrui shall pay Suzhou GCL Operation a service fee in the amount of RMB1,000,000.

Pursuant to the Jinzhai Operation Services Agreement II, Jinzhai Xinrui shall pay Suzhou GCL Operation a service fee in the amount of RMB2,000,000.

(v) Term

One year from 12 September 2018 to 11 September 2019.

(vi) Payment Terms

Jinzhai Xinrui shall pay Suzhou GCL Operation the service fee proportionately every month.

(vii) Basis of the consideration

The consideration was determined on normal commercial terms after arm's length negotiation with reference to the prevailing market prices of the services provided, the cost of providing the services and the scope of work to be provided in respect of the services.

Principal terms of Wuhan Operation Services Agreement

(i) Date

10 May 2019

(ii) Parties

Service provider: Suzhou GCL Operation

Service recipient: Wuhan Huaxin

(iii) Services

Suzhou GCL Operation agreed to provide, and Wuhan Huaxin agreed to receive, management services for the Wuhan Project.

(iv) Service fees

Pursuant to the Wuhan Operation Services Agreement, Wuhan Huaxin shall pay Suzhou GCL Operation a service fee in the amount of RMB405,000.

(v) Term

One year from 10 May 2019 to 9 May 2020.

(vi) Payment Terms

The service fee under the Wuhan Operation Services Agreement shall be paid by Wuhan Huaxin to Suzhou GCL Operation in accordance with the following milestones:

- (a) 40% of the service fee within 20 business days following the execution of the said agreement, provided that a VAT invoice for such amount has been provided to Wuhan Huaxin;
- (b) 40% of the service fee prior to the tenth day of the seventh month following the execution of the said agreement, provided that a VAT invoice for such amount has been provided to Wuhan Huaxin;
- (c) 20% of the service fee within 10 business days following the anniversary of the execution of the said agreement, provided that a VAT invoice for such amount has been provided to Wuhan Huaxin.

(vii) Basis of the consideration

The consideration was determined on normal commercial terms after arm's length negotiation with reference to the prevailing market prices of the services provided, the cost of providing the services and the scope of work to be provided in respect of the services.

Previous operation service agreements

The Group also entered into the Disclosed Continuing Connected Transaction with the GCL-Poly Group, for further information, please refer to the announcement of the Company dated 11 July 2017.

4. THE AGGREGATE ANNUAL CAP

The aggregate annual caps for the continuing connected transactions under the Disclosed Continuing Connected Transaction, the Previous De Minimis Operation Services Agreements and the Asset Management and Administrative Services Agreement are set out below (the “Aggregate Annual Caps”):

	For the period from 21 May 2019 to 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021	For the period from 1 January 2022 to 20 May 2022
Disclosed Continuing Connected Transaction	RMB21,760,274	RMB18,375,342	-	-
Previous De Minimis Operation Services Agreements	RMB1,186,644	RMB144,247	-	-
Annual fee	US\$308,219 (equivalent to RMB2,126,403)	US\$500,000 (equivalent to RMB3,449,500)	US\$500,000 (equivalent to RMB3,449,500)	US\$191,781 (equivalent to RMB1,323,097)
Aggregate Annual Caps in RMB	<u>25,073,321</u>	<u>21,969,089</u>	<u>3,449,500</u>	<u>1,323,097</u>

5. LISTING RULES IMPLICATIONS

GCL Solar Energy and Wuhan Huaxin are indirect subsidiaries of GCL-Poly, a substantial shareholder of the Company, which is in turn ultimately controlled by the Zhu Family Trust, under which Mr. Zhu Yufeng is one of the beneficiaries. GCL Solar Energy and Wuhan Huaxin are therefore connected persons of the Company under the Listing Rules. Jinzhai Xinrui is an indirect subsidiary of GCL System Integration, a substantial shareholder of the Company, which is in turn ultimately controlled by Mr. Zhu Yufeng and the Zhu Family Trust, under which Mr. Zhu Yufeng is one of the beneficiaries. Jinzhai Xinrui is therefore a connected person of the Company under the Listing Rules.

As the Previous De Minimis Operation Services Agreements and the Asset Management and Administrative Services Agreement are entered into with parties who are indirect subsidiaries of GCL-Poly or GCL System Integration, which are ultimately controlled by Mr. Zhu Yufeng or the Zhu Family Trust, within a 12-month period, the Previous De Minimis Operation Services Agreements and the Asset Management and Administrative Services Agreement shall be aggregated under Rule 14A.81 of the Listing Rules. The entering into of the Asset Management and Administrative Services Agreement by GCL New Energy, Inc. and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the annual cap of the transactions contemplated under the Asset Management and Administrative Services Agreement, the consideration under the Previous De Minimis Operation Services Agreements and the annual cap of the transactions contemplated under the Disclosed Continuing Connected Transaction (in aggregate) is more than 0.1% but less than 5%, the entering into of the Asset Management and Administrative Services Agreement is subject to the reporting, announcement and annual review requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

6. REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

The Group is principally engaged in, among other things, the management of solar power plants. The provision of asset management and administrative services, especially in the U.S. and South Africa, represents an opportunity for the Group to expand its experience, expertise and reputation outside of the PRC.

Based on the above reasons, the Directors (including the independent non-executive Directors) are of the view that the Asset Management and Administrative Services Agreement was entered into in the ordinary and usual course of the business of the Group, and on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As Mr. Zhu Yufeng (executive Director), Ms. Sun Wei and Mr. Yeung Man Chung, Charles (both non-executive Directors) are directors of GCL-Poly; Ms. Hu Xiaoyan (executive Director) and Mr. Sha Hongqiu (non-executive Director) are executives of GCL-Poly; Mr. Sun Xingping (executive Director) is an executive of Golden Concord Holdings Limited, a company held by the Zhu Family Trust, and Mr. He Deyong (non-executive Director) is an executive of GCL System Integration, they have a material interest in the continuing connected transactions under the Asset Management and Administrative Services Agreement. Accordingly, each of Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Ms. Hu Xiaoyan, Mr. Sha Hongqiu, Mr. Sun Xingping and Mr. He Deyong abstained from voting on the resolutions of the Board to approve the continuing connected transactions under the Asset Management and Administrative Services Agreement.

7. INFORMATION ON THE PARTIES TO THE ASSET MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

GCL Solar Energy

GCL Solar Energy is a company incorporated in Hong Kong and is an indirect subsidiary of GCL-Poly, a substantial shareholder of the Company. Its principal business is investment holding.

The Group

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

8. DEFINITIONS

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

“Asset Management and Administrative Services Agreement”	the agreement dated 21 May 2019 between GCL New Energy, Inc. and GCL Solar Energy in relation to the Management Services to be provided by GCL New Energy, Inc. to GCL Solar Energy
“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, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451)
“connected persons”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disclosed Continuing Connected Transaction”	the continuing connected transaction entered into with the GCL-Poly Group as disclosed in the announcement of the Company dated 11 July 2017
“GCL New Energy, Inc.”	GCL New Energy, Inc., a corporation established under the laws of Delaware, U.S. and an indirect wholly-owned subsidiary of the Company

“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, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company
“GCL-Poly Group”	GCL-Poly and its subsidiaries
“GCL Solar Energy”	GCL Solar Energy Limited, a company incorporated in Hong Kong with limited liability, an indirect subsidiary of GCL-Poly
“GCL System Integration”	GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司), a company incorporated in the PRC with its shares listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange (stock code: 002506). As at the date of this announcement, GCL System Integration is interested in approximately 10.01% of the issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jinzhai Operation Services Agreement I”	the agreement dated 23 September 2018 between Suzhou GCL Operation and Jinzhai Xinrui in relation to the certain operation and management services to be provided by Suzhou GCL Operation to Jinzhai Xinrui for the Jinzhai Project Phase I
“Jinzhai Operation Services Agreement II”	the agreement dated 28 September 2018 between Suzhou GCL Operation and Jinzhai Xinrui in relation to the certain operation and management services to be provided by Suzhou GCL Operation to Jinzhai Xinrui for the Jinzhai Project Phase II
“Jinzhai Project Phase I”	phase I of the 20MW solar power plant project located in Baitaban Village, Jinzhai County, Anhui Province, the PRC
“Jinzhai Project Phase II”	phase II of the 40MW solar power plant project located in Baitaban Village, Jinzhai County, Anhui Province, the PRC

“Jinzhai Xinrui”	Jinzhai Xinrui Photovoltaic Power Co., Ltd.* (金寨鑫瑞太陽能發電有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of GCL System Integration
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL Operation”	Suzhou GCL New Energy Operation Technology Co, Ltd.* (蘇州協鑫新能源運營科技有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company
“U.S.”	United States of America
“US\$”	U.S. dollars, the lawful currency of the U.S.
“Wuhan Huaxin”	Wuhan Huaxinyi Energy Co., Ltd.* (武漢華鑫易能源有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of GCL-Poly
“Wuhan Operation Services Agreement”	the agreement dated 10 May 2019 between Suzhou GCL Operation and Wuhan Huaxin in relation to the certain operation and management services to be provided by Suzhou GCL Operation to Wuhan Huaxin for the Wuhan Project

“Wuhan Project”	the 5.9 MW solar power plant project located in Donghu New Technology Development Zone, Wuhan City, Hubei Province, the PRC
“Zhu Family Trust”	the discretionary trust known as the “Asia Pacific Energy Fund”, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
“%”	per cent

* *for identification purpose only*

This announcement contains translations between US\$ and Renminbi amounts at US\$1 = RMB6.8990, being the exchange rates prevailing on 21 May 2019. The translations should not be taken as a representation that the US\$ could actually be converted into Renminbi at that rate or at all.

By order of the Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Zhu Yufeng
Chairman

Hong Kong, 21 May 2019

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Sun Xingping and Ms. Hu Xiaoyan as executive Directors; Ms. Sun Wei, Mr. Sha Hongqiu, Mr. Yeung Man Chung, Charles and Mr. He Deyong as non-executive Directors; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive Directors.