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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)**

## **CONTINUING CONNECTED TRANSACTION PROVISION OF OPERATION SERVICES**

### **CONTINUING CONNECTED TRANSACTION WITH SUZHOU GCL-POLY**

We refer to the announcement of the Company dated 11 July 2017 in relation to the Previous Suzhou Operation Services Agreement entered into between Suzhou GCL Operation and Suzhou GCL-Poly for a term of three years commencing from 10 July 2017. The Previous Suzhou Operation Services Agreement expired on 9 July 2020.

On 10 July 2020 (after trading hours), Suzhou GCL Operation, as service provider, and Suzhou GCL-Poly, as service recipient, entered into the New Suzhou Operation Services Agreement for a term of three years commencing from 10 July 2020. Under the New Suzhou Operation Services Agreement, Suzhou GCL Operation will provide certain operation services to Suzhou GCL-Poly for a consideration of RMB35,300,000 per year.

Furthermore, GCL New Energy, Inc., a subsidiary of the Company, as service provider, also entered into the Asset Management and Administrative Services Agreement with GCL Solar Energy on 1 January 2020 for a term of two years at a consideration of USD300,000 per year, which constitutes a de minimis continuing connected transaction in the past 12 months (the “**Previous De Minimis Agreement**”).

### **LISTING RULES IMPLICATIONS**

Suzhou GCL-Poly and GCL Solar Energy are indirect subsidiaries of GCL-Poly, the controlling 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. Suzhou GCL-Poly and GCL Solar Energy are therefore connected persons of the Company under the Listing Rules.

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

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

## **1. CONTINUING CONNECTED TRANSACTION WITH SUZHOU GCL-POLY**

We refer to the announcement of the Company dated 11 July 2017 in relation to the Previous Suzhou Operation Services Agreement entered into between Suzhou GCL Operation and Suzhou GCL-Poly for a term of three years commencing from 10 July 2017. The Previous Suzhou Operation Services Agreement expired on 9 July 2020.

On 10 July 2020 (after trading hours), Suzhou GCL Operation, as service provider, and Suzhou GCL-Poly, as service recipient, entered into the New Suzhou Operation Services Agreement for a term of three years commencing from 10 July 2020. Under the New Suzhou Operation Services Agreement, Suzhou GCL Operation will provide certain operation services to Suzhou GCL-Poly for a consideration of RMB35,300,000 per year.

The principal terms and conditions of the New Suzhou Operation Services Agreement are set out below.

### **Principal Terms of the New Suzhou Operation Services Agreement**

**(i) Date**

10 July 2020

**(ii) Parties**

**Service provider:** Suzhou GCL Operation

**Service recipient:** Suzhou GCL-Poly

**(iii) Services**

Suzhou GCL Operation has agreed to provide operation and management services to Suzhou GCL-Poly. The operation and management services include capital management, technology training, management consulting and other management services including budgeting, asset management, cost management, financial management, human resources and information management.

**(iv) Service fees**

Pursuant to the New Suzhou Operation Services Agreement, Suzhou GCL-Poly shall pay Suzhou GCL Operation an annual service fee in the amount of RMB35,300,000, payable monthly.

**(v) Basis of consideration**

The fees receivable under the New Suzhou Operation Services Agreement were determined based on arm's length negotiations between the parties and taking into account the installed capacity of the power plants of Suzhou GCL-Poly, costs and risks of management. The existing installed capacity of these power plants is 353MW and the charging rate is RMB0.10 per watt.

**(vi) Term**

Three years from 10 July 2020 to 9 July 2023.

**2. NEW ANNUAL CAPS**

The annual caps for the continuing connected transactions under the New Suzhou Operation Services Agreement are set out below (the "New Annual Caps"):

	For the period from 10 July 2020 to 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022	For the period from 1 January 2023 to 9 July 2023
New Suzhou Operation Services Agreement	RMB16,924,658	RMB35,300,000	RMB35,300,000	RMB18,375,342

The New Annual Caps are based on the total amount of fees payable for the period from 10 July 2020 to 31 December 2020, the years ending 31 December 2021 and 2022, and for the period from 1 January 2023 to 9 July 2023. The New Annual Caps were arrived at taking into

consideration the aggregated power generation capacity to be managed by Suzhou GCL Operation under the New Suzhou Operation Services Agreement and the costs associated with the managing and servicing power generation facilities similar to those covered under the New Suzhou Operation Services Agreement.

Set out below are the historical transaction amounts for reference:

	For the period from 10 July 2017 to 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2019	For the period from 1 January 2020 to 9 July 2020
Previous Suzhou Operation Services Agreement	RMB16,924,658	RMB35,300,000	RMB35,300,000	RMB18,375,342

**3. PREVIOUS DE MINIMIS AGREEMENT**

**Principal terms of the Asset Management and Administrative Services Agreement**

**(i) Date**

1 January 2020

**(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 Puerto Rico, and related administrative services, including, but not limited to, development of certain solar power plant projects in Puerto Rico (“**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\$300,000 (“**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*

Two years from 1 January 2020.

(vi) *Payment terms*

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

- (a) the Annual Fee proportionately within 10 business days 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.

**Previous operation service agreement**

The Group also entered into the Disclosed Continuing Connected Transactions with the GCL-Poly Group. For further information, please refer to the announcement of the Company dated 21 May 2019.

**4. THE AGGREGATE ANNUAL CAP**

The aggregate annual caps for the continuing connected transaction under the Disclosed Continuing Connected Transactions, the Previous De Minimis Agreement and the New Suzhou Operation Services Agreement are set out below (the “**Aggregate Annual Caps**”):

	For the period from 10 July 2020 to 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022	For the period from 1 January 2023 to 9 July 2023
Disclosed Continuing Connected Transactions	US\$239,071 (equivalent to RMB1,649,351)	US\$500,000 (equivalent to RMB3,449,500)	US\$191,781 (equivalent to RMB1,323,097)	–
Previous De Minimis Agreement	US\$143,443 (equivalent to RMB1,000,687)	US\$300,000 (equivalent to RMB2,092,860)	–	–
New Suzhou Operation Services Agreement	RMB16,924,658	RMB35,300,000	RMB35,300,000	RMB18,375,342
Aggregate Annual Cap	<u>RMB19,574,696</u>	<u>RMB40,842,360</u>	<u>RMB36,623,097</u>	<u>RMB18,375,342</u>

## 5. LISTING RULES IMPLICATIONS

Suzhou GCL-Poly and GCL Solar Energy are indirect subsidiaries of GCL-Poly, the controlling 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. Suzhou GCL-Poly and GCL Solar Energy are therefore connected persons of the Company under the Listing Rules.

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

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

## **6. REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION**

The New Suzhou Operation Services Agreement was entered into in the usual and ordinary course of the Group's business and the terms of the agreement were determined after arm's length negotiations between the parties to the agreement.

The entering into of the New Suzhou Operation Services Agreement can enhance the Group's income and maximize the benefits of economies of scale in the provision of operating and management services under the New Suzhou Operation Services Agreement.

The Directors (including the independent non-executive Directors) are of the view that the New Suzhou Operation Services Agreement is on normal commercial terms and has been entered into in the ordinary and usual course of business of the Group and the terms of the New Suzhou Operation Services Agreement, including the New Annual Caps applicable thereto, are fair and reasonable and in the interests of the Company and Shareholders as a whole.

As Mr. Zhu Yufeng (executive Director), Ms. Sun Wei and Mr. Yeung Man Chung, Charles (both are non-executive Directors) are directors of GCL-Poly and Ms. Hu Xiaoyan (executive Director) is an executive of GCL-Poly, they have a material interest in the continuing connected transaction contemplated under the New Suzhou Operation Services Agreement. Accordingly, each of Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Ms. Hu Xiaoyan abstained from voting on the resolutions of the Board to approve the continuing connected transaction under the New Suzhou Operation Services Agreement.

## **7. INFORMATION ON THE PARTIES TO THE NEW SUZHOU OPERATION SERVICES AGREEMENT**

### **Suzhou GCL-Poly**

Suzhou GCL-Poly is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of GCL-Poly, the controlling shareholder of the Company. Suzhou GCL-Poly is principally engaged in investment in solar farms.

### **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 1 January 2020 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 Transactions”	the continuing connected transactions entered into with the GCL-Poly Group as disclosed in the announcement of the Company dated 21 May 2019
“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 and an indirect subsidiary of GCL-Poly
“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)
“New Suzhou Operation Services Agreement”	the operation service agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 10 July 2020
“PRC”	The People’s Republic of China
“Previous Suzhou Operation Services Agreement”	the operation services agreement as defined and disclosed in the announcement of the Company dated 11 July 2017
“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
“Suzhou GCL-Poly”	Suzhou GCL-Poly Solar Power Investment Ltd.* (蘇州保利協鑫光伏電力投資有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of GCL-Poly
“U.S.”	United States of America
“US\$”	U.S. dollars, the lawful currency of the U.S.
“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*

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, 10 July 2020

*As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Mo Jicai and Ms. Hu Xiaoyan as executive Directors; Ms. Sun Wei, 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.*