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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

CONNECTED TRANSACTION RENEWAL OF LEASE AGREEMENT WITH SUZHOU GCL INDUSTRIAL APPLICATIONS RESEARCH CO., LTD*

CONNECTED TRANSACTION

We refer to the announcement of the Company dated 30 September 2019 in relation to, among other things, the previous lease agreement in respect of the Premises entered into between Suzhou GCL New Energy and Suzhou GCL Industrial Applications Research for a term of one year commencing from 1 October 2019. The previous lease agreement in respect of the Premises expired on 30 September 2020.

On 30 September 2020 (after trading hours), Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) as tenant and Suzhou GCL Industrial Applications Research (an indirect wholly-owned subsidiary of GCL-Poly) as landlord entered into the Lease Agreement for the renewal of lease of the Premises for a term of three years commencing from 1 October 2020 to 30 September 2023. The rent payable by Suzhou GCL Operation to Suzhou GCL Industrial Applications Research is approximately RMB1,480,403 per month.

LISTING RULES IMPLICATIONS

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary 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, the chairman of the Company and an executive Director, is one of the beneficiaries. Suzhou GCL Industrial Applications Research is therefore a connected person of the Company under the Listing Rules. As a result, the entering into of the Lease Agreement with Suzhou GCL Industrial Applications Research and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The IFRS applicable to the Group include IFRS 16 “Leases” which has come into effect on 1 January 2019. In accordance with IFRS 16 “Leases”, the Group is expected to recognize the value of the right-of-use of assets on its balance sheet in connection with the Lease Agreement, this transaction will be regarded as an acquisition of asset by the Group.

As the highest applicable percentage ratio in respect of the Lease Agreement is more than 0.1% but less than 5%, the entering into of the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and Shareholders’ approval requirements as required under Chapter 14A of the Listing Rules.

As Mr. Zhu Yufeng (executive Director), Ms. Sun Wei and Mr. Yeung Man Chung, Charles (both 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 connected transaction contemplated under the Lease 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 in respect of the approval of the Lease Agreement.

1. CONNECTED TRANSACTION

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Principal terms of the Lease Agreement

(i) Date

30 September 2020

(ii) Parties

Landlord: Suzhou GCL Industrial Applications Research

Tenant: Suzhou GCL Operation

(iii) Premises

Suzhou GCL Industrial Applications Research agreed to renew the lease of the Premises, a commercial property of 19,738.70 square meters in Suzhou, PRC, with Suzhou GCL Operation for business purposes.

(iv) Term

Three years commencing from 1 October 2020 to 30 September 2023

(v) Basis of consideration

The Lease Agreement was negotiated and entered into on an arm's length basis between the parties with reference to the prevailing market rent of a comparable class of commercial premises in Suzhou. The monthly rent is exclusive of management fees, utilities and carparking expenses, which will be borne by Suzhou GCL Operation.

(vi) Rent and other charges

The rent is agreed at a rate of RMB75 per square meter per month (exclusive of management fees). As a result, the rent payable by Suzhou GCL Operation to Suzhou GCL Industrial Applications Research is approximately RMB1,480,403 per month. The relevant rent is payable to Suzhou GCL Industrial Applications Research before the end of each quarter. Suzhou GCL Industrial Applications Research shall be entitled to claim at a rate of 0.05% of the unpaid portion of the rent against Suzhou GCL Operation for each overdue day.

During the term of the Lease Agreement, the management fees, utilities, facilities maintenance and carparking expenses will be borne by Suzhou GCL Operation.

2. REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

Having considered all relevant factors, the Directors (including the independent non-executive Directors) believe and consider that the Lease Agreement was entered into in the ordinary and usual course of the Group's business, is on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

3. LISTING RULES IMPLICATIONS

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary 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, the chairman of the Company and an executive Director, is one of the beneficiaries. Suzhou GCL Industrial Applications Research is therefore a connected person of the Company under

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4. INFORMATION ON THE PARTIES TO THE CONNECTED TRANSACTION

Suzhou GCL Industrial Applications Research

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary of GCL-Poly. It is a PRC incorporated company and is principally engaged in (i) the research and development, testing and sales of monocrystalline silicon, polysilicon, LED semiconductor lighting, OLED display, motive battery and related products; (ii) the development of energy saving technology, technology consultancy, technology services and technology transfer; (iii) the import of raw and auxiliary materials, machinery and equipment and related technologies required by the research and development of Suzhou GCL Industrial Applications Research and (iv) the export of self-produced products and related technology.

The Group

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

5. DEFINITIONS

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

“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 person”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Lease Agreement”	the lease agreement between Suzhou GCL Operation and Suzhou GCL Industrial Applications Research dated 30 September 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Premises”	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of one 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
“subsidiary”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL Industrial Applications Research”	Suzhou GCL Industrial Applications Research Co., Ltd* (蘇州協鑫工業應用研究院有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of GCL-Poly
“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
“Suzhou GCL Operation”	Suzhou GCL New Energy Operation and Technology Co., Ltd.* (蘇州協鑫新能源運營科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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, the chairman of the Company and an executive Director) 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, 30 September 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.