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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 SUPPLEMENTAL AGREEMENT FOR PROVISION OF OPERATION SERVICES

Reference is made to the announcement of the Company dated 10 July 2020 in relation to the New Suzhou Operation Services Agreement. Under the New Suzhou Operation Services Agreement, Suzhou GCL Operation, being an indirect subsidiary of the Company, will provide certain operation services to Suzhou GCL-Poly, being an indirect subsidiary of GCL-Poly, for a term of three years commencing from 10 July 2020, for a consideration of RMB35,300,000 per year.

On 1 June 2021 (after trading hours), Suzhou GCL Operation and Suzhou GCL-Poly, entered into the Supplemental Agreement to amend certain terms of the New Suzhou Operation Services Agreement, including but not limited to, reducing the annual service fee to RMB9,831,230.

LISTING RULES IMPLICATIONS

Suzhou GCL-Poly is an indirect 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 is one of the beneficiaries. Suzhou GCL-Poly is therefore a connected person of the Company under the Listing Rules.

As the Disclosed Continuing Connected Transactions and the Supplemental 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 and remain effective, the Disclosed Continuing Connected Transactions and the Supplemental Agreement shall be aggregated under Rule 14A.81 of the Listing Rules. Accordingly, the Disclosed

Continuing Connected Transactions and the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to amend certain terms of the New Suzhou Operation Services Agreement which constitutes a material change to its terms by way of a Supplemental Agreement, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Listing Rules. Accordingly, the proposed amendments to the terms of the continuing connected transaction under the Supplemental Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

1. THE SUPPLEMENTAL AGREEMENT

Reference is made to the announcement of the Company dated 10 July 2020 in relation to the New Suzhou Operation Services Agreement. Under the New Suzhou Operation Services Agreement, Suzhou GCL Operation, being an indirect subsidiary of the Company, will provide certain operation services to Suzhou GCL-Poly, being an indirect subsidiary of GCL-Poly, for a term of three years commencing from 10 July 2020, for a consideration of RMB35,300,000 per year.

On 1 June 2021 (after trading hours), Suzhou GCL Operation and Suzhou GCL-Poly entered into the Supplemental Agreement to amend certain terms of the New Suzhou Operation Services Agreement, including but not limited to, reducing the annual service fee to RMB9,831,230.

Proposed amendments provided in the Supplemental Agreement

The principal terms and conditions of the Supplemental Agreement are set out below.

(i) 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. Pursuant to the Supplemental Agreement, the annual service fee will be reduced to RMB9,831,230 payable half yearly in advance.

(ii) Basis of Consideration

Pursuant to the New Suzhou Operation Services Agreement, the fees receivable under the New Suzhou Operation Services Agreement were determined based on the installed capacity of the power plants of Suzhou GCL-Poly of 353MW and the RMB0.10 per watt charging rate.

Pursuant to the Supplemental Agreement, the fees receivable under the Supplemental Agreement were determined based on the installed capacity of the power plants of Suzhou GCL-Poly of 133MW and approximately RMB0.0739 per watt charging rate with reference to the prevailing market prices, the installed capacity of the power plants and the operation cost of the power plants.

(iii) Revised Annual Caps

The revised annual caps for the continuing connected transaction are primarily based on the amended terms of the Supplemental Agreement, comprising the annual service fee and the maximum amount of the Incentives. Details of the revised annual caps for the period of the Supplemental Agreement are set out as follows:

	For the period from 1 June 2021 to 31 December 2021 (RMB)	For the year ending 31 December 2022 (RMB)	For the period from 1 January 2023 to 9 July 2023 (RMB)
Original annual caps	20,696,438	35,300,000	18,375,342
Revised annual caps	7,455,349	12,780,599	6,699,508

(iv) Incentives for Excess Electricity Generation

The incentives for excess electricity generation provision is an additional term to the New Suzhou Operation Services Agreement. Pursuant to the Supplemental Agreement, if excess electricity is generated, Suzhou GCL Operation shall be rewarded the Incentives of up to 30% of the annual service fees.

Save as disclosed above, all material terms and conditions of the New Suzhou Operation Services Agreement remain unchanged. Details of other principal terms of the New Suzhou Operation Services Agreement have been disclosed in the announcement of the Company dated 10 July 2020.

It is envisaged that from time to time and as required, Suzhou GCL Operation will enter into individual service agreement with Suzhou GCL-Poly and/or its subsidiaries. Such individual service agreements are expected to set out the detailed terms of the transaction and provisions which reflect the binding principles, guidelines, terms and conditions of the New Suzhou Operation Services Agreement, as supplemented by the Supplemental Agreement.

2. THE AGGREGATE ANNUAL CAPS

The aggregate annual caps for the continuing connected transactions under the Disclosed Continuing Connected Transactions and the Supplemental Agreement are set out below:

	For the period from 1 June 2021 to 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\$469,041 (equivalent to RMB3,249,493)	US\$191,781 (equivalent to RMB1,323,097)	-
Supplemental Agreement	RMB7,455,349	RMB12,780,599	RMB6,699,508
Aggregate annual caps	RMB10,704,842	RMB14,103,696	RMB6,699,508

3. LISTING RULES IMPLICATIONS

Suzhou GCL-Poly is an indirect 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 is one of the beneficiaries. Suzhou GCL-Poly is therefore a connected person of the Company under the Listing Rules.

As the Disclosed Continuing Connected Transactions and the Supplemental 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 and remain effective, the Disclosed Continuing Connected Transactions and the Supplemental Agreement shall be aggregated under Rule 14A.81 of the Listing Rules. Accordingly, the Disclosed Continuing Connected Transactions and the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to amend certain terms of the New Suzhou Operation Services Agreement which constitutes a material change to its terms by way of a Supplemental Agreement, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Listing Rules. Accordingly, the proposed amendments to the terms of the continuing connected transactions under the Supplemental Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

4. REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

As a result of the disposal of certain power plants with approximately 220MW installed capacity originally held by Suzhou GCL-Poly, the original scope specified under New Suzhou Operation Services Agreement is no longer applicable. The Company is of the view that entering into the Supplemental Agreement will better reflect the current situation of the continuing connected transaction. In addition, given that the Group will benefit from the incentives for excess electricity generation, the Directors are of the view that the relevant amendments to the New Suzhou Operation Services Agreement will better align the current market trend. The Board is of the view that such terms are fair and reasonable.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental 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 Supplemental Agreement, including the revised 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 are considered to have a material interest in the continuing connected transactions contemplated under the Supplemental 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 transactions under the Supplemental Agreement.

5. INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL 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.

6. 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 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
“Directors”	the directors of the Company
“Disclosed Continuing Connected Transactions”	the continuing connected transactions entered into with the GCL-Poly Group as disclosed in the announcements of the Company dated 21 May 2019 and 10 July 2020
“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, the Company is a subsidiary of GCL-Poly
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Incentives”	incentives fee to be rewarded to Suzhou GCL Operation for excess electricity generation under the Supplemental Agreement
“independent third party(ies)”	the person(s) or company(ies) which is/are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“New Suzhou Operation Services Agreement”	the operation services agreement as defined and disclosed in the announcement of the Company dated 10 July 2020
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the New Suzhou Operation Services Agreement dated 1 June 2021 entered into between Suzhou GCL Operation and Suzhou GCL-Poly
“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 wholly-owned 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
“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.

* *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 Yufeng
Chairman

Hong Kong, 1 June 2021

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