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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 WITH GCL SOLAR ENERGY LIMITED

CONTINUING CONNECTED TRANSACTION WITH GCL SOLAR ENERGY LIMITED

Reference is made to the announcement of the Company dated 21 May 2019 (the “**Previous Announcement**”), in relation to, among other things, the provision of certain asset management and administrative services by GCL New Energy, Inc. to GCL Solar Energy under the 2019 Asset Management and Administrative Services Agreement.

As the 2019 Asset Management and Administrative Services Agreement expired on 20 May 2022, on 23 May 2022 (after trading hours), GCL New Energy, Inc., as service provider, and GCL Solar Energy, as service recipient, entered into the 2022 Asset Management and Administrative Services Agreement for a term of three years commencing from 23 May 2022. Under the 2022 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 Supplemental Agreement on 7 June 2021 with Wuhan Huaxin as the service recipient for a term of three months and a consideration of RMB101,250; and
- (ii) the 2021 Wuhan Operation Services Agreement on 10 August 2021 with Wuhan Huaxin as the service recipient for a term of one year and a consideration of RMB310,000.

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

LISTING RULES IMPLICATION

As at the date of this announcement, GCL Solar Energy and Wuhan Huaxin are indirect subsidiaries of GCL Technology, the controlling shareholder of the Company. The Zhu Family Trust, under which Mr. Zhu Yufeng (executive Director) is one of the beneficiaries, is a substantial shareholder of GCL Technology. GCL Solar Energy and Wuhan Huaxin are therefore connected persons of the Company under Chapter 14A of the Listing Rules.

As the Previous De Minimis Operation Services Agreements, the agreements in respect of the Disclosed Continuing Connected Transaction and the 2022 Asset Management and Administrative Services Agreement are entered into with the parties who are indirect subsidiaries of GCL Technology, within a 12-month period, the Previous De Minimis Operation Services Agreements, the agreements in respect of the Disclosed Continuing Connected Transaction and the 2022 Asset Management and Administrative Services Agreement shall be aggregated under Rule 14A.81 of the Listing Rules. The entering into of the 2022 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 consideration under the Previous De Minimis Operation Services Agreements, the annual cap of the transactions contemplated under the Disclosed Continuing Connected Transaction and the annual cap of the transactions contemplated under the 2022 Asset Management and Administrative Services Agreement (in aggregate) is more than 0.1% but less than 5%, the entering into of the 2022 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 23 May 2022 (after trading hours), GCL New Energy, Inc., as service provider, and GCL Solar Energy, as service recipient, entered into the 2022 Asset Management and Administrative Services Agreement for a term of three years commencing from 23 May 2022. Under the 2022 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 2022 Asset Management and Administrative Services Agreement are set out below.

Principal terms of the 2022 Asset Management and Administrative Services Agreement

(i) Date

23 May 2022

(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, entity annual filing fees, office equipment lease payments, travel costs and expenses, office supplies and pre-agreed third party engineering fees.

(v) Term

Three years from 23 May 2022

(vi) Payment Terms

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

- (a) the Annual Fee proportionately within 30 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 2022 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 2022 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 services provided, the cost of providing the services, the historical transaction amounts 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 2022 Asset Management and Administrative Services Agreement are set out below (the "New Annual Caps"):

Type of service fee	For the period from 23 May 2022 to 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the period from 1 January 2025 to 22 May 2025
Annual fee	US\$305,479	US\$500,000	US\$500,000	US\$194,521

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 21 May 2019 to 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021	For the period from 1 January 2022 to 20 May 2022
Annual fee	US\$308,219	US\$500,000	US\$500,000	US\$191,781

3. THE PREVIOUS DE MINIMIS OPERATION SERVICES AGREEMENTS

Principal terms of 2020 Wuhan Operation Services Agreement (as supplemented by the Supplemental Agreement) and 2021 Wuhan Operation Services Agreement

(i) Date

2020 Wuhan Operation Services Agreement (as supplemented by the Supplemental Agreement): 7 June 2021

2021 Wuhan Operation Services Agreement: 10 August 2021

(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 2020 Wuhan Operation Services Agreement (as supplemented by the Supplemental Agreement), Wuhan Huaxin shall pay Suzhou GCL Operation a service fee in the amount of RMB101,250.

Pursuant to the 2021 Wuhan Operation Services Agreement, Wuhan Huaxin shall pay Suzhou GCL Operation a service fee in the amount of RMB310,000.

(v) Term

2020 Wuhan Operation Services Agreement (as supplemented by the Supplemental Agreement): three months from 10 May 2021 to 9 August 2021.

2021 Wuhan Operation Services Agreement: one year from 10 August 2021 to 9 August 2022.

(vi) Payment Terms

The service fee under the 2020 Wuhan Operation Services Agreement (as supplemented by the Supplemental Agreement) shall be paid by Wuhan Huaxin to Suzhou GCL Operation in accordance with the actual period of operation and management services provided.

The service fee under the 2021 Wuhan Operation Services Agreement shall be paid by Wuhan Huaxin to Suzhou GCL Operation in accordance with the following milestones:

- (a) 10% 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) 50% 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.

4. PREVIOUS DISCLOSED OPERATION SERVICES AGREEMENTS

The Group also entered into the Disclosed Continuing Connected Transaction with the GCL Technology Group, for further information, please refer to the announcements of the Company dated 10 July 2020 and 1 June 2021.

5. THE AGGREGATE ANNUAL CAPS

The aggregate annual caps for the continuing connected transactions under the Disclosed Continuing Connected Transaction, the Previous De Minimis Operation Services Agreements and the 2022 Asset Management and Administrative Services Agreement are set out below (the “Aggregate Annual Caps”):

Type of service fee	For the period from 23 May 2022 to 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	For the period from 1 January 2025 to 22 May 2025
Disclosed Continuing Connected Transaction	RMB7,808,421	RMB6,699,508	-	-
Previous De Minimis Operation Services Agreements	RMB67,096	-	-	-
Annual fee	US\$305,479 (equivalent to RMB2,039,256)	US\$500,000 (equivalent to RMB3,337,800)	US\$500,000 (equivalent to RMB3,337,800)	US\$194,521 (equivalent to RMB1,298,544)
Aggregate annual caps	<u>RMB9,914,773</u>	<u>RMB10,037,308</u>	<u>RMB3,337,800</u>	<u>RMB1,298,544</u>

6. LISTING RULES IMPLICATIONS

As at the date of this announcement, GCL Solar Energy and Wuhan Huaxin are indirect subsidiaries of GCL Technology, the controlling shareholder of the Company. The Zhu Family Trust, under which Mr. Zhu Yufeng (executive Director) is one of the beneficiaries, is a substantial shareholder of GCL Technology. GCL Solar Energy and Wuhan Huaxin are therefore connected persons of the Company under Chapter 14A of the Listing Rules.

As the Previous De Minimis Operation Services Agreements, the agreements in respect of the Disclosed Continuing Connected Transaction and the 2022 Asset Management and Administrative Services Agreement are entered into with the parties who are indirect subsidiaries of GCL Technology, within a 12-month period, the Previous De Minimis Operation Services Agreements, the agreements in respect of the Disclosed Continuing Connected Transaction and the 2022 Asset Management and Administrative Services Agreement shall be aggregated under Rule 14A.81 of the Listing Rules. The entering into of the 2022 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 consideration under the Previous De Minimis Operation Services Agreements, the annual cap of the transactions contemplated under the Disclosed Continuing Connected Transaction and the annual cap of the transactions contemplated under the 2022 Asset Management and Administrative Services Agreement (in aggregate) is more than 0.1% but less than 5%, the entering into of the 2022 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.

7. 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 maintain its operational presence, 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 2022 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 (i) Mr. Zhu Yufeng (executive Director), Ms. Sun Wei and Mr. Yeung Man Chung, Charles (both non-executive Directors) are directors of GCL Technology; (ii) Ms. Hu Xiaoyan (executive Director) is an executive of GCL Technology; and (iii) Mr. Fang Jiancai (non-

executive Director) is an executive of a company controlled by the Zhu Family Trust, they have a material interest in the continuing connected transactions under the 2022 Asset Management and Administrative Services Agreement. Accordingly, each of Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Ms. Hu Xiaoyan and Mr. Fang Jiancai abstained from voting on the resolutions of the Board to approve the continuing connected transaction under the 2022 Asset Management and Administrative Services Agreement.

8. INFORMATION ON THE PARTIES TO THE 2022 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 Technology, the controlling 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.

9. DEFINITIONS

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

“2019 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 provided by GCL New Energy, Inc. to GCL Solar Energy
“2020 Wuhan Operation Services Agreement”	the agreement dated 13 July 2020 between Suzhou GCL Operation and Wuhan Huaxin in relation to certain operation and management services provided by Suzhou GCL Operation to Wuhan Huaxin for the Wuhan Project
“2021 Wuhan Operation Services Agreement”	the agreement dated 10 August 2021 between Suzhou GCL Operation and Wuhan Huaxin in relation to certain operation and management services to be provided by Suzhou GCL Operation to Wuhan Huaxin for the Wuhan Project

“2022 Asset Management and Administrative Services Agreement”	the agreement dated 23 May 2022 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 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
“Disclosed Continuing Connected Transaction”	the continuing connected transaction entered into with the GCL Technology Group as disclosed in the announcements of the Company dated 10 July 2020 and 1 June 2021
“GCL New Energy, Inc.”	GCL New Energy, Inc., a corporation established under the laws of Delaware, U.S. and as at the date of this announcement, is an indirect wholly-owned subsidiary of the Company
“GCL Technology”	GCL Technology Holdings Limited (協鑫科技控股有限公司) (formerly known as “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) and as at the date of this announcement, the Company is a subsidiary of GCL Technology
“GCL Technology Group”	GCL Technology, together with its subsidiaries
“GCL Solar Energy”	GCL Solar Energy Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, is an indirect subsidiary of GCL Technology
“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)
“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)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 7 June 2021 between Suzhou GCL Operation and Wuhan Huaxin to extend the validity period of the 2020 Wuhan Operation Services Agreement
“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 as at the date of this announcement, is 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 as at the date of this announcement, is an indirect subsidiary of GCL Technology
“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 = RMB6.6756, being the exchange rates prevailing on 23 May 2022. 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, 23 May 2022

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.