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GCL Technology Holdings Limited
協鑫科技控股有限公司

(Incorporated in Cayman Islands with limited liability)
(Stock code: 3800)

CONNECTED TRANSACTION
COAL SUPPLY AGREEMENTS

THE FOURTH COAL SUPPLY AGREEMENT

The Board is pleased to announce that on 19 September 2022 (after trading hours), Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) (“**Jiangsu Zhongneng**”), an indirect wholly-owned subsidiary of the Company, entered into a coal supply agreement with Suzhou GCL Energy Technology Co., Ltd.* (蘇州協鑫能源科技有限公司) (“**Suzhou GCL**”) for the supply of 25,000 tonnes of coal for a maximum consideration of RMB27,820,000 (the “**Fourth Coal Supply Agreement**”).

PREVIOUS DE MINIMIS TRANSACTIONS

Within 12 months prior to the date of this announcement, Jiangsu Zhongneng entered into various coal supply agreements with Suzhou GCL, including:

- (1) a coal supply agreement on 4 June 2022 for the supply of 19,025.80 tonnes of coal at a total consideration of RMB22,557,967 (the “**First Coal Supply Agreement**”);
- (2) a coal supply agreement on 30 June 2022 for the supply of 19,213.43 tonnes of coal at a total consideration of RMB22,097,275 (the “**Second Coal Supply Agreement**”); and
- (3) a coal supply agreement on 27 July 2022 for the supply of 4,991.40 tonnes of coal at a total consideration of RMB5,553,232 (the “**Third Coal Supply Agreement**”),

(together the “**Previous De Minimis Agreements**” and together with the Fourth Coal Supply Agreement, the “**Coal Supply Agreements**”).

LISTING RULE IMPLICATIONS

As at the date of this announcement, the Zhu Family Trust is a substantial shareholder and a connected person of the Company. Suzhou GCL is ultimately held by the Zhu Family Trust, therefore, Suzhou GCL is a connected person of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.76(1) of the Listing Rules, as all applicable percentage ratios in respect of the Previous De Minimis Transactions, on an aggregate basis, are less than 0.1%, the Previous De Minimis Transactions constitute de minimis transactions and are fully exempted from reporting, announcement, circular and independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

As the Coal Supply Agreements are entered into between Jiangsu Zhongneng and Suzhou GCL within the period of past 12 months, the transactions contemplated under Coal Supply Agreements shall be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the Coal Supply Agreements, on an aggregate basis, exceeds 0.1% but is less than 5%, they are subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Zhu Gongshan and Mr. Zhu Yufeng are beneficiaries of the Zhu Family Trust and therefore have material interest in the transactions contemplated under the Coal Supply Agreements. Mr. Zhu Zhanjun, Ms. Sun Wei and Mr. Yeung Man Chung, Charles hold management positions in a company controlled by the Zhu Family Trust. To avoid potential conflict of interest from a good corporate governance perspective, Mr. Zhu Zhanjun, Ms. Sun Wei and Mr. Yeung Man Chung, Charles have also abstained from voting on the resolutions of the Board in respect of the approval of the Coal Supply Agreements.

1. INTRODUCTION

The Board is pleased to announce that on 19 September 2022 (after trading hours), Jiangsu Zhongneng, an indirect wholly-owned subsidiary of the Company, entered into the Fourth Coal Supply Agreement with Suzhou GCL for the supply 25,000 tonnes of coal for a maximum consideration of RMB27,820,000.

Prior to the date of this announcement, Jiangsu Zhongneng entered into the Previous De Minimis Transactions with Suzhou GCL, including:

- (1) the First Coal Supply Agreement on 4 June 2022 for the supply of 19,025.80 tonnes of coal at a total consideration of RMB22,557,967;
- (2) the Second Coal Supply Agreement on 30 June 2022 for the supply of 19,213.43 tonnes of coal at a total consideration of RMB22,097,275; and
- (3) the Third Coal Supply Agreement on 27 July 2022 for the supply of 4,991.40 tonnes of coal at a total consideration of RMB5,553,232.

2. THE FOURTH COAL SUPPLY AGREEMENT

The principal terms of the Fourth Coal Supply Agreement are summarised as follows:

Date

19 September 2022 (after trading hours)

Parties

- (i) Supplier: Suzhou GCL
- (ii) Customer: Jiangsu Zhongneng

Subject Matter

Suzhou GCL agreed to supply and Jiangsu Zhongneng agreed to purchase approximately 25,000 tonnes of coal, which shall be delivered on or before 30 September 2022.

Consideration

The maximum consideration under the Fourth Coal Supply Agreement is RMB27,820,000 (inclusive of delivery cost and reimbursement), calculated with a unit price for the coal supplied (assuming it has a net calorific value between 5,000 and 5,200 kcal/kg) as follows:

- (i) if Jiangsu Zhongneng pays the consideration by cash, the unit price will be RMB1,050 to 1,092 per tonne, which is equivalent to RMB0.21 per kcal;
- (ii) if Jiangsu Zhongneng pays the consideration by issuing a half-year bank acceptance bill, the unit price will be RMB1,060 to 1,102.4 per tonne, which is equivalent to RMB0.212 per kcal; and
- (iii) if Jiangsu Zhongneng pays the consideration by issuing a one-year bank acceptance bill, the unit price will be RMB1,070 to 1,112.8 per tonne, which is equivalent to RMB0.214 per kcal.

The final consideration under the Fourth Coal Supply Agreement may be adjusted downward with reference to the quality standard of the coal supplied by Suzhou GCL, including, among other things, (i) net calorific value, (ii) sulfur content, (iii) total moisture content, (iv) volatile content and (v) ash content, of the coal supplied (on an as-received basis).

Payment Terms

Upon the signing of the Fourth Coal Supply Agreement, Jiangsu Zhongneng shall pay a prepayment of RMB10,000,000 to Suzhou GCL (the “**Prepayment**”). Suzhou GCL shall deliver the coal pursuant to the Fourth Coal Supply Agreement to Jiangsu Zhongneng upon the receipt of the Prepayment. Within five days after the receipt of the invoice by Jiangsu Zhongneng in respect of the coal supplied, Jiangsu Zhongneng shall pay the remaining amount of the consideration under the Fourth Coal Supply Agreement to Suzhou GCL.

Basis of Consideration

The consideration under the Fourth Coal Supply Agreement was determined after arm’s length negotiations between the parties with reference to, among other things, (i) the quality of the coal to be supplied and, (ii) the market price of coal determined with quotations Jiangsu Zhongneng obtained from independent third party coal suppliers.

Guarantee

Suzhou GCL shall provide a guarantee of RMB500,000 (the “**Guarantee**”) to Jiangsu Zhongneng within three days upon the signing of the Fourth Coal Supply Agreement for its delivery of coal to Jiangsu Zhongneng in accordance with the Fourth Coal Supply Agreement. In the event that Suzhou GCL fails to provide all or part of the Guarantee, Jiangsu Zhongneng is entitled to withhold the corresponding amount from the consideration payable to Suzhou GCL under the Fourth Coal Supply Agreement.

The principal terms of the Previous De Minimis Agreement are summarised as follows:

	First Coal Supply Agreement	Second Coal Supply Agreement	Third Coal Supply Agreement
Date	4 June 2022	30 June 2022	27 July 2022
Parties	(i) Supplier: Suzhou GCL (ii) Customer: Jiangsu Zhongneng		
Subject Matter	20,000 tonnes of coal	20,000 tonnes of coal	5,000 tonnes of coal
Final Consideration (as adjusted)	RMB22,557,967	RMB22,097,275	RMB5,553,232
Payment Terms	Upon the signing of each of the First Coal Supply Agreement and the Second Coal Supply Agreement, Jiangsu Zhongneng shall pay a prepayment of RMB10,000,000 to Suzhou GCL. Suzhou GCL shall deliver the coal pursuant to the each of the First Coal Supply Agreement and the Second Coal Supply Agreement to Jiangsu Zhongneng upon the receipt of the such prepayment. Within five days after the receipt of the invoice by Jiangsu Zhongneng in respect of the coal supplied, Jiangsu Zhongneng shall pay the remaining amount of the consideration under each of the First Coal Supply Agreement and the Second Coal Supply Agreement to Suzhou GCL.		Payment shall be made by the end of the month after the invoice was issued in accordance with the Third Coal Supply Agreement.
Basis of Consideration	The consideration under each of the Previous De Minimis Agreements was determined after arm’s length negotiations between the parties with reference to (i) the quality of the coal to be supplied and (ii) the market price of coal determined with quotations Jiangsu Zhongneng obtained from independent third party coal suppliers.		
Guarantee	Suzhou GCL shall provide a guarantee of RMB500,000 to Jiangsu Zhongneng within three days upon the signing of each of the Previous De Minimis Agreements to ensure it will deliver the coal to Jiangsu Zhongneng in accordance with the Previous De Minimis Agreements or the requirements of Jiangsu Zhongneng. In the event that Suzhou GCL fails to provide all or part of the guarantee, Jiangsu Zhongneng is entitled to withhold the corresponding amount from the consideration payable to Suzhou GCL under each of the Previous De Minimis Agreements.		

4. INFORMATION ON THE PARTIES TO THE FOURTH COAL SUPPLY AGREEMENT

The Group

The Company is a company incorporated in the Cayman Islands with limited liability. The principal business of the Company is investment holding. The Group is principally engaged in the manufacturing and sale of polysilicon and wafers products as well as the developing, owning and operation of solar farms.

Jiangsu Zhongneng

Jiangsu Zhongneng is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of Jiangsu Zhongneng is the manufacturing and sale of polysilicon.

Suzhou GCL

Suzhou GCL is a company established in the PRC with limited liability. The principal business of Suzhou GCL is provision of energy technological consultation and sale of coal and power facilities.

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

Coal is required by Jiangsu Zhongneng for the generation of electricity by its captive power plants. In consideration of the international and domestic energy tension in recent years, in particular the tension caused by the conflict between Russia and Ukraine as well as the impact of the COVID-19 pandemic, the entering into of the Fourth Coal Supply Agreement will enable Jiangsu Zhongneng to procure a supplier of coal with steady supply and quality, and take advantage of bulk purchase discount from Suzhou GCL. The terms of the Fourth Coal Supply Agreement were negotiated based on normal commercial terms and the relevant prices were determined following arm's length negotiations between the parties.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) believe and consider that the terms of the Transaction are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As at the date of this announcement, the Zhu Family Trust is a substantial shareholder and a connected person of the Company. Suzhou GCL is ultimately held by the Zhu Family Trust, therefore, Suzhou GCL is a connected person of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.76(1) of the Listing Rules, as all applicable percentage ratios in respect of the Previous De Minimis Transactions, on an aggregate basis, are less than 0.1%, the Previous De Minimis Transactions constitute de minimis transactions and are fully exempted from reporting, announcement, circular and independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

As the Coal Supply Agreements are entered into between Jiangsu Zhongneng and Suzhou GCL within the period of past 12 months, the transactions contemplated under Coal Supply Agreements shall be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the Coal Supply Agreements, on an aggregate basis, exceeds 0.1% but is less than 5%, they are subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Zhu Gongshan and Mr. Zhu Yufeng are beneficiaries of the Zhu Family Trust and therefore have material interest in the transactions contemplated under the Coal Supply Agreements. Mr. Zhu Zhanjun, Ms. Sun Wei and Mr. Yeung Man Chung, Charles hold management positions in a company controlled by the Zhu Family Trust. To avoid potential conflict of interest from a good corporate governance perspective, Mr. Zhu Zhanjun, Ms. Sun Wei and Mr. Yeung Man Chung, Charles have also abstained from voting on the resolutions of the Board in respect of the approval of the Coal Supply Agreements.

7. DEFINITIONS

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

“Board”	the board of Directors
“Coal Supply Agreements”	the First Coal Supply Agreement, the Second Coal Supply Agreement, the Third Coal Supply Agreement and the Fourth Coal Supply Agreement

“Company”	GCL Technology Holdings Limited, a company incorporated in listed on the Main Board of the Stock Exchange, formerly known as “GCL-Poly Energy Holdings Limited”
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“First Coal Supply Agreement”	the first coal supply agreement in respect of the supply of coal dated 4 June 2022 entered into between Suzhou GCL as supplier and Jiangsu Zhongneng as customer
“Fourth Coal Supply Agreement”	the fourth coal supply agreement in respect of the supply of coal dated 19 September 2022 entered into between Suzhou GCL as supplier and Jiangsu Zhongneng as customer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jiangsu Zhongneng”	Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu Yufeng”	son of Mr. Zhu Gongshan and an executive Director of the Company
“PRC”	for the purpose of this announcement, the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Previous De Minimis Agreements”	the First Coal Supply Agreement, the Second Coal Supply Agreement and the Third Coal Supply Agreement
“Previous De Minimis Transactions”	the transactions contemplated under the Previous De Minimis Agreements
“RMB”	Renminbi, the lawful currency of the PRC

“Second Coal Supply Agreement”	the second coal supply agreement in respect of the supply of coal dated 30 June 2022 entered into between Suzhou GCL as supplier and Jiangsu Zhongneng as customer
“Shareholders”	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
“Suzhou GCL”	Suzhou GCL Energy Technology Co., Ltd.* (蘇州協鑫能源科技有限公司), a company established in the PRC with limited liability
“Third Coal Supply Agreement”	the third coal supply agreement in respect of the supply of coal dated 27 July 2022 entered into between Suzhou GCL as supplier and Jiangsu Zhongneng as customer
“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, an executive Director are beneficiaries
“%”	per cent

* *for identification purpose only*

By order of the Board
GCL Technology Holdings Limited
協鑫科技控股有限公司
Zhu Gongshan
Chairman

Hong Kong, 19 September 2022

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Yufeng, Mr. Zhu Zhanjun, Mr. Lan Tianshi, Ms. Sun Wei and Mr. Yeung Man Chung, Charles as executive Directors; Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Dr. Shen Wenzhong as independent non-executive Directors.