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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

On 22 August 2014, Nanjing GCL New Energy and Suzhou GCL-Poly entered into the Operation Service Agreement for a term of three years commencing from 10 July 2014. Under the Operation Service Agreement, Nanjing GCL New Energy will provide operation and management services for the power plants of Suzhou GCL-Poly Group under the terms and conditions set out in the Operation Service Agreement.

I OPERATION SERVICE AGREEMENT

1. INTRODUCTION

On 22 August 2014, Nanjing GCL New Energy and Suzhou GCL-Poly, a subsidiary of GCL-Poly, entered into Operation Service Agreement for a term of three years commencing from 10 July 2014. Under the Operation Service Agreement, Nanjing GCL New Energy will provide operation and management services for the power plants of Suzhou GCL-Poly Group under the terms and conditions set out in the Operation Service Agreement. The parties agreed that the terms of the Operation Service Agreement shall be effective as of 10 July 2014.

2. PRINCIPAL TERMS OF THE OPERATION SERVICE AGREEMENT

(a) Date

22 August 2014

(b) Parties

(1) Nanjing GCL New Energy

(2) Suzhou GCL-Poly

(c) Subject Matter

Nanjing GCL New Energy has agreed to provide operation and management services to Suzhou GCL-Poly Group for an annual fee of RMB35,300,000 (equivalent to approximately HK\$44,400,340), receivable monthly in arrears for the period of three years commencing from 10 July 2014. The operation and management services include capital management, technology training, management consulting and other management services including budgeting, assets management, cost management, financial management, human resources and information management.

The fees receivable under the Operation Service Agreement were determined by arm's length negotiations between the parties and taking into account the installed capacity of the power plants, costs and risks of management. The existing installed capacity of the power plants is 353MW and the charging rate is RMB0.10 per watt.

3. ANNUAL CAPS

The Annual Caps for the Continuing Connected Transaction, as calculated with reference to the fees receivable under the Operation Service Agreement, will be RMB16,924,658 (equivalent to approximately HK\$21,287,835) for the period from 10 July 2014 to 31 December 2014, RMB35,300,000 (equivalent to approximately HK\$44,400,340) for the year ending 31 December 2015, RMB35,300,000 (equivalent to approximately HK\$44,400,340) for the year ending 31 December 2016, RMB18,375,342 (equivalent to approximately HK\$23,112,505) for the period from 1 January 2017 to 9 July 2017.

The Annual Caps were arrived at after taking into consideration the aggregated power generation capacity to be managed by Nanjing GCL New Energy under the Operation Service Agreement and the costs associated with the managing and servicing power generation facilities similar to those covered under the Operation Service Agreement.

II. REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTION

The Operation Service Agreement was entered into in the usual and ordinary course of the Group's business and the terms of the agreement was determined following arm's length negotiations between the parties to the agreement.

The reasons for the benefit to the Company in entering into the Operation Service Agreement are to enhance the Group's income and to maximize the benefits of economies of scale in the provision of operating and management services under the Operation Service Agreement.

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

As Mr. Zhu Gongshan (executive Director), Ms. Sun Wei and Mr. Yu Baodong (both non-executive Directors) have a material interest in the Continuing Connected Transaction under the Operation Service Agreement, Mr. Zhu Gongshan, Ms. Sun Wei and Mr. Yu Baodong abstained from voting on the resolutions of the Board to approve the Continuing Connected Transaction under the Operation Service Agreement.

III. GENERAL INFORMATION

The Group underwent significant transformations in 2014. Prior to the successful completion of the 2014 Subscription on 9 May 2014, the Company was primarily engaged in the manufacturing and selling of printed circuit boards. Following the successful completion of the 2014 Subscription, the Group underwent significant transformations: the Company received approximately HK\$1,440 million of new funding; it acquired new members to the Board and a new management team and it now operates under the GCL New Energy branding as GCL's renewable energy flagship company. Under the leadership of the new board of Directors and management team, the Group has added renewable energy as a new core focus of the Group's business since the 2014 Subscription and it is expected that the Group will continue to devote its resources in the development, construction, investment, operation and management of solar power generation projects as well as providing energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to our customers and joint venture partners.

Nanjing GCL New Energy is an indirect wholly-owned subsidiary of the Company and is principally engaged in solar plants investment, provision of operation and management services to power plants in the PRC.

Suzhou GCL-Poly is a subsidiary of GCL-Poly, which in turn is a substantial shareholder of the Company, and is principally engaged in investment in solar farms. Suzhou GCL-Poly is an associate of GCL-Poly and thereby connected person of the Company. Accordingly the transaction contemplated under the Operation Service Agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable ratios (other than the profits ratio) in respect of the aggregated Annual Caps for the Continuing Connected Transaction under the Operation Service Agreement will, on an annual basis, be less than 5%, the Continuing Connected Transaction is only subject to the reporting, announcement

and annual review requirements set out in Rules 14A.68 and 14A.71 of the Listing Rules and are exempt from the independent shareholders' approval requirement under the Listing Rules.

IV. DEFINITIONS

“Annual Caps”	the maximum aggregate annual values of the Continuing Connected Transaction under the Operation Service Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	GCL New Energy Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transaction”	the transaction contemplated under the Operation Service Agreement
“Directors”	the directors of the Company
“GCL-Poly”	GCL-Poly Energy Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt or one million watts. The installed capacity of power plants is generally expressed in MW
“Nanjing GCL New Energy”	南京協鑫新能源發展有限公司 (Nanjing GCL New Energy Development Limited*), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company

“Operation Service Agreement”	the operation service agreement between Nanjing GCL New Energy and Suzhou GCL-Poly dated 22 August 2014
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Suzhou GCL-Poly”	蘇州保利協鑫光伏電力投資有限公司(Suzhou GCL-Poly Solar Power Investment Ltd.*), a company incorporated in the PRC with limited liability, a subsidiary of GCL-Poly
“Suzhou GCL-Poly Group”	Suzhou GCL-Poly and its subsidiaries
“%”	per cent
“2014 Subscription”	completion of the subscription of shares of the Company by GCL-Poly Energy Holdings Limited with details as stated in the Company’s announcement dated 9 May 2014

This announcement contains translation between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.2578, being the exchange rate prevailing on 22 August 2014. The translation should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars 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
Tang Cheng
Chairman

Hong Kong, 22 August 2014

As at the date of this announcement, the executive Directors are Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Gu Xin, Ms. Hu Xiaoyan, Mr. Yip Sum Yin, the non-executive Directors are Ms. Sun Wei and Mr. Yu Baodong, the independent non-executive Directors are Mr. Wang Bohua, Mr. Xu Songda, Mr. Han Qing-hua and Mr. Lee Conway Kong Wai.

* English name for identification only