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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
SUBSCRIPTION OF EQUITY INTERESTS IN
JINHU ZHENGHUI PV COMPANY LIMITED**

I. SUBSCRIPTION OF EQUITY INTERESTS IN JINHU ZHENGHUI PV COMPANY LIMITED

The Board is pleased to announce that on 26 August 2014, the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the JV Partner, pursuant to which (i) the Subscriber and the JV Partner agreed to increase the share capital of the Target Company from RMB8.0 million (equivalent to approximately HK\$10.1 million) to RMB160.6 million (equivalent to approximately HK\$201.9 million) and (ii) the Subscriber agreed to subscribe new shares equivalent to 95.02% of the equity interests in the Target Company on a fully diluted basis.

The total capital commitment to be made by the Subscriber under the Subscription Agreement is RMB152.6 million (equivalent to approximately HK\$191.8 million) and accordingly the total subscription monies payable by the Subscriber to the Target Company under the Subscription Agreement is RMB152.6 million (equivalent to approximately HK\$191.8 million).

The Target Company has a 100 MW photovoltaic power generation project under development in the Jiangsu Province.

The Subscription is subject to, among other things, the obtaining of relevant regulatory approvals. Upon completion of the Subscription, the Target Company will become a directly owned subsidiary of the Subscriber and an indirectly owned subsidiary of the Company.

II. LISTING RULES IMPLICATIONS

Pursuant to Rule 14.04(1)(f) of the Listing Rules, the establishment of a joint venture will not be subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules if the Company establishes a joint venture where:

- (i) the joint venture is engaging in a single purpose project which is of a revenue nature in the ordinary and usual course of business of the Company;
- (ii) the joint venture arrangement is on an arm's length basis and on normal commercial terms; and
- (iii) the joint venture agreement contains clause(s) to the effect that the joint venture may not, without its partners' unanimous consent:
 - (a) change the nature or scope of its business; or
 - (b) enter into any transactions which are not on an arm's length basis.

The Board confirms that (i) the Target Company engages in the development of photovoltaic power generation facilities which is of a revenue nature and in the ordinary and usual course of business of the Company and (ii) the joint venture arrangement between the Subscriber and the JV Partner is on an arm's length basis and on normal commercial terms. However, the joint venture agreement does not contain clauses to the effect that the Target Company may not without its partners' unanimous consent to change the nature or scope of its business or enter into any transactions which are not on an arm's length basis. Accordingly, the Subscription will be treated as a transaction under Rule 14.04(1). As the applicable percentage ratios for the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the JV Partner and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

I. SUBSCRIPTION OF THE EQUITY INTERESTS IN THE TARGET COMPANY

The Subscription Agreement

The Board is pleased to announce that on 26 August 2014, the Subscriber, entered into the Subscription Agreement with the JV Partner, pursuant to which (i) the Subscriber and the JV Partner agreed to increase the share capital of the Target Company from RMB8.0 million (equivalent to approximately HK\$10.1 million) to RMB160.6 million (equivalent to approximately HK\$201.9 million) and (ii) the Subscriber agreed to subscribe new shares equivalent to 95.02% of the equity interests in the Target Company.

The total capital commitment to be made by the Subscriber under the Subscription Agreement is RMB152.6 million (equivalent to approximately HK\$191.8 million) and accordingly the total subscription monies payable by the Subscriber is RMB152.6 million (equivalent to approximately HK\$191.8 million).

The Target Company has a 100 MW photovoltaic power generation project under development in the Jiangsu Province.

The Subscription Agreement sets out the terms and conditions of the Subscription by the Subscriber if and when the Subscriber is successful in obtaining the relevant regulatory approvals, the key terms of which are summarised as follows:

Date

26 August 2014

Parties

- (i) The Subscriber; and
- (ii) The JV Partner.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the JV Partner and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

Conditions Precedent

Completion of the Subscription Agreement is subject to, among others, the following conditions being fulfilled by the JV Partner:

- (i) obtaining pre-approval for the grant of land use rights pertaining to the PV Project;
- (ii) obtaining the power connection permits relating to the PV Project;
- (iii) obtaining the records relating to the approval of the PV Project;
- (iv) obtaining the documents regarding the Target Company and the PV Project to the satisfaction of the Subscriber; and
- (v) obtaining all approvals required by applicable laws and regulations, licensing and registration relating to the Subscription Agreement; and

(vi) obtaining any shareholder approval of the Company (if any) (together, the “Conditions Precedent”).

Target Equity Interests to be acquired

Pursuant to and subject to the terms and conditions of the Subscription Agreement, the Subscriber agrees to subscribe new shares equivalent to 95.02% of the issued share capital of the Target Company after satisfying all the Conditions Precedent. Upon completion of the Subscription, the Target Company will become a directly owned subsidiary of the Subscriber and an indirect owned subsidiary of the Company.

Capital commitment and payment

Within three days of satisfying all the Conditions Precedent of the Subscription Agreement, the Subscriber will pay an initial instalment of the subscription monies being RMB72.0 million (equivalent to approximately HK\$90.5 million) to the Target Company. The balance of the subscription monies being RMB80.6 million (equivalent to approximately HK\$101.3 million) shall be paid by the Subscriber to the Target Company within two calendar months of the payment of the initial instalment.

The subscription monies for the Target Equity Interests were arrived at based on normal commercial terms after arm’s length negotiations between the Subscriber and the JV Partner after taking into account, among others, the new capital to be injected by the parties into the Target Company, the registered capital, the respective share ownership in the Target Company following the completion of the Subscription Agreement and the unaudited net asset value of the Target Company as at 31 July 2014.

Termination

In the event that the JV Partner: 1) will have conflicting obligations towards a third party if it complies with the terms of this Subscription Agreement; 2) is in breach of the terms of the Subscription Agreement or its associated covenants; 3) prior to the Subscription of the Target Equity Interests by the Subscriber, the Target Company encounters difficulties with the bidding, construction or obtaining land use permits associated with the PV Project that results in the inability to proceed or delays the development of the PV Project or results in liability for the Subscriber; or 4) is unable to perform its obligations pursuant to the terms of the Subscription Agreement, the Subscriber may terminate the Subscription Agreement and the JV Partner shall be required to pay compensation to the Subscriber as stipulated under the Subscription Agreement.

Completion

Completion of the Subscription shall take place on the day on which the last Condition Precedent is satisfied or waived pursuant to the Subscription Agreement or on such other time, date or place as the parties thereto may agree in writing.

II. INFORMATION ON THE PARTIES

The Company and the Subscriber

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 on 9 May 2014, the Group underwent significant changes: the Company received approximately HK\$1,440 million of new funding; it has 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, similar to the Subscription, 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 its customers and joint venture partners. The Subscriber is an investment holding vehicle and an indirect wholly-owned subsidiary of the Company incorporated in the PRC.

The JV Partner

The JV Partner is principally engaged in the (i) development and operation of mid to large scale photovoltaic power generation facilities, small scale on-grid and off-grid photovoltaic systems; (ii) provision of design, consultancy, system integration, project management services for solar energy projects; and (iii) installation of mechanical and electric equipment.

The Target Company

The Target Company is principally engaged in the (i) development and operation of mid to large scale photovoltaic power generation facilities, small scale on-grid and off-grid photovoltaic systems; (ii) provision of design, consultancy, system integration, project management services for solar energy projects; and (iii) installation of mechanical and electric equipment.

Based on the unaudited accounts of the Target Company, the unaudited net asset value of the Target Company as at 31 July 2014 is RMB7.9 million (equivalent to HK\$9.9 million). The following information is a summary of the unaudited consolidated financial statements of the Target Company for the financial year ended 31 December 2013 and the seven months ended 31 July 2014:

	For the year ended 31 December 2013	For the seven months ended 31 July 2014
	<i>RMB in thousand</i>	<i>RMB in thousand</i>
Net loss before tax and extraordinary items	7	83
Net loss after tax and extraordinary items	<u>7</u>	<u>83</u>

III. REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

Renewable energy is a new core focus of the Group's business and the Group would like to continue to invest in, construct and develop additional photovoltaic power stations. Upon completion of the Subscription, the Group would increase its photovoltaic projects by an additional 100 MW. In view of (i) the increasing demand for renewable energy in the PRC; (ii) the emphasis placed on renewable energy by the PRC government in its twelfth five-year plan; and (iii) the synergy between the Group's existing power generation operations with the Target Company, the Board (including the independent non-executive Directors) considers the Subscription provide an opportunity for the Group to further expand in the solar energy industry which is core part of the Group's strategy.

The Directors believe that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

Pursuant to Rule 14.04(1)(f) of the Listing Rules, the establishment of a joint venture will not be subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules if the Company establishes a joint venture where:

- (i) the joint venture is engaging in a single purpose project which is of a revenue nature in the ordinary and usual course of business of the Company;
- (ii) the joint venture arrangement is on an arm's length basis and on normal commercial terms; and
- (iii) the joint venture agreement contains clause(s) to the effect that the joint venture may not, without its partners' unanimous consent:
 - (a) change the nature or scope of its business; or
 - (b) enter into any transactions which are not on an arm's length basis.

The Board confirms that (i) the Target Company engages in the development of photovoltaic power generation facilities which is of a revenue nature and in the ordinary and usual course of business of the Company and (ii) the joint venture arrangement between the Subscriber and the JV Partner is on an arm's length basis and on normal commercial terms. However, the joint venture agreement does not contain clauses to the effect that the Target Company may not without its partners' unanimous consent to change the nature or scope of its business or enter into any transactions which are not on an arm's length basis. Accordingly, the Subscription will be treated as a transaction under Rule 14.04(1). As the applicable percentage ratios for the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the JV Partner and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the content requires otherwise:

“2014 Subscription”	completion of the subscription of shares by GCL-Poly Energy Holdings Limited with details stated in the Company’s announcement dated 9 May 2014
“Board”	the board of Directors of the Company
“Company”	GCL New Energy Holdings Limited, an exempted company incorporated in Bermuda with limited liability under the Companies Act 1981 of Bermuda (as amended), the shares of which are listed on The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Partner”	江蘇正輝太陽能電力有限公司 (Jiangsu Zhenghui PV Power Company Limited*), a company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China
“PV Project”	the 100 MW photovoltaic power generation project currently developed by the Target Company in the Jiangsu Province
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Subscriber”	蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Company Limited*), an indirect wholly owned subsidiary of the Company which is incorporated in the PRC
“Subscription”	the subscription of the Target Equity Interests by the Subscriber from the Target Group pursuant to the Subscription Agreement
“Subscription Agreement”	the Subscription agreement dated 26 August 2014 entered into between (i) the Subscriber; and (ii) the JV Partner in relation to the Subscription of the Target Equity Interests

“Target Company”	金湖正輝太陽能電力有限公司 (Jinhu Zhenghui PV Company Limited*), a PRC incorporated company wholly owned by the JV Partner prior to the completion of the Subscription
“Target Equity Interests”	new shares representing 95.02% of the issued share capital of the Target Company to be subscribed by the Subscriber on a fully diluted basis

For illustration purposes only, an exchange rate of RMB1.00 to HK\$1.2569 has been applied in this announcement. No representation is made that any amount in RMB or HK\$ was, could have been or could be converted at such rate or at any other 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, 26 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 and Mr. Yip Sum Yin; the non-executive Directors are Ms. Sun Wei and Mr. Yu Baodong; and 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.*