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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 TRANSACTIONS**

**ACQUISITION OF THE EQUITY INTERESTS AND CAPITAL INCREASE  
IN INNER MONGOLIA XIANGDAO NEW ENERGY DEVELOPMENT  
COMPANY LIMITED**

**I. ACQUISITION OF THE EQUITY INTERESTS AND CAPITAL INCREASE IN  
THE TARGET COMPANY**

The Board is pleased to announce that on 6 October 2014, the Purchaser, entered into the Investment Agreement with the Seller. Pursuant to the terms and conditions of the Investment Agreement, the Purchaser agrees to acquire the Target Equity Interests from the Seller. The consideration payable by the Purchaser for the Target Equity Interests under the Investment Agreement is RMB45.05 million (approximately HK\$56.85 million).

Following the transfer of the Target Equity Interests to the Purchaser, both the Purchaser and the Seller have committed to inject further capital to the Target Company by increasing the total registered capital of the Target Company from RMB50.0 million to RMB273.6 million at the same time maintaining their respective ownership of 90.1% (attributable to the Purchaser) and 9.9% (attributable to the Seller) of the total equity interests of the Target Company. The Purchaser's commitment under such Capital Injection is approximately RMB201.46 million (approximately HK\$254.22 million).

The Target Company has two projects under development in the city of Hohhot in the Inner Mongolia Autonomous Region: (i) a 31 MW photovoltaic power generation project and (ii) a 130 MW building-integrated photovoltaic project.

The Acquisition and the Capital Injection are subject to, among other things, the obtaining of relevant regulatory approvals. Upon completion of the Acquisition, the Target Company will become a directly owned subsidiary of the Purchaser and an indirectly owned subsidiary of the Company.

## **II. LISTING RULES IMPLICATION**

As the applicable percentage ratios for the Acquisition and the Capital Injection, when aggregated pursuant to Rule 14.22 of the Listing Rules, exceed 5% but less than 25%, the Acquisition and the Capital Injection together constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are 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, prior to the Acquisition, the Seller and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

## **I. ACQUISITION OF THE EQUITY INTERESTS AND CAPITAL INCREASE IN THE TARGET COMPANY**

### **The Investment Agreement**

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The Target Company has two projects under development in the city of Hohhot in the Inner Mongolia Autonomous Region: (i) a 31 MW photovoltaic power generation project and (ii) a 130 MW building-integrated photovoltaic project.

The Seller undertakes that construction of the Inner Mongolian Projects will be completed by 31 December 2014 and will commence production and sales of electricity by 31 March 2015.

The Investment Agreement sets out the terms and conditions of the Acquisition and the Capital Injection, the key terms of which are summarised as follows:

### **Date**

6 October 2014 (after trading hours)

### **Parties**

- (i) The Purchaser, as purchaser; and
- (ii) The Seller, as seller.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, prior to the Acquisition, the Seller 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 Investment Agreement is subject to, among others, the following conditions being fulfilled by the Seller:

- (i) obtaining land leases for the land pertaining to the Inner Mongolia Projects;
- (ii) obtaining the power connection permits relating to the Inner Mongolia Projects;
- (iii) obtaining the records relating to the approval of the Inner Mongolia Projects;
- (iv) obtaining the documents regarding the Target Company and the Inner Mongolia Projects to the satisfaction of the Purchaser;
- (v) having fully funded the Seller's portion of the Capital Injection;
- (vi) the Target Equity Interests are free and clear of any encumbrances; and
- (vii) obtaining all approvals required by applicable laws and regulations, licensing and registration relating to the Acquisition and the construction of the Inner Mongolia Projects (together, the "Conditions Precedent").

### **Target Equity Interests to be Acquired**

Pursuant to and subject to the terms and conditions of the Investment Agreement, the Seller agrees to sell to the Purchaser 90.1% of the issued share capital of the Target Company after satisfying all the Conditions Precedent. Upon completion of the Acquisition, the Target Company will become a directly owned subsidiary of the Purchaser and an indirect owned subsidiary of the Company.

### **Consideration and Payment**

Within three days of the signing of the Investment Agreement, the Purchaser will pay RMB5.0 million into an account designated by the Seller as earnest money. This amount is to be used to partially fund the Capital Injection. Within 5 business days of satisfying the Conditions Precedent, the total consideration of RMB45.05 million (approximately HK\$56.85 million) shall be paid by the Purchaser in cash to the Seller.

The consideration for the Target Equity Interests was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Seller having taken into account, among others, the registered capital and the unaudited net asset value of the Target Company as at 31 August 2014.

Conditional upon the satisfactory completion of the registration of the change of ownership with the relevant regulatory authorities, both the Purchaser and the Seller have committed to increase the registered capital of the Target Company from RMB50.0 million to RMB273.6 million. The Purchaser's commitment under such Capital Injection is approximately RMB201.46 million (approximately HK\$254.22 million) to be settled in cash. The timing of the capital injection will be determined by the Board of the Target

Company and on the actual capital need of the Target Company. Such further injection of capital will become payable within 14 days of the receipt by the Purchaser and the Seller from the Target Company a capital injection demand notice.

### **Pledge of Target Shares**

The Seller has agreed to pledge all the Target Shares owned by it in favour of the Purchaser to secure against the Seller's obligations under the Investment Agreement.

### **Grant of Option**

Effective from the date of the Investment Agreement, the Purchaser has a call option to oblige the Seller to sell all the Target Shares owned by the Seller to the Purchaser which will be priced at the cost of the capital contribution made by the Seller to the Target Company at the time of such exercise. Assuming the Seller proceeds with injection of its portion of the Capital Injection and no further capital injection will be made to the Target Company prior to the Purchaser exercising this option, the total consideration payable pursuant to the call option to buy all the Target Shares owned by the Seller by the Purchaser is approximately RMB27.1 million (approximately HK\$34.2 million). When the option is exercised by the Purchaser, further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

### **Termination**

In the event that the Seller: (i) transfers the Target Equity Interests to a third party; (ii) is in breach of the terms of the Investment Agreement or its associated covenants; (iii) prior to the transfer of ownership of the Target Equity Interests to the Purchaser, the Target Company encounters difficulties with the bidding, construction or obtaining land use permits associated with the Inner Mongolia Projects that results in the inability to proceed or delays to the development of the Inner Mongolia Projects or results in liability for the Target Company; (iv) prior to the signing of the Investment Agreement, knows of or should have known that the Inner Mongolia Projects have encountered or would encounter difficulties relating to obtaining its permits, construction, acceptance, operations, etc. such difficulties remaining unresolved for a period of 5 days of the signing of the Investment Agreement; or (v) is unable to perform its obligations pursuant to the terms of the Investment Agreement, the Purchaser may terminate the Investment Agreement and the Seller shall be required to pay compensation to the Purchaser as stipulated under the Investment Agreement.

In the event that the Seller fails to pay its portion of the Capital Injection within 14 days of its receipt of a capital injection demand notice from the Target Company, the Seller shall be required to pay compensation to the Purchaser as stipulated under the Investment Agreement. In addition to such compensation, if the Seller's payment of its portion of the Capital Injection becomes outstanding for in excess of 15 days, the Purchaser may terminate the Investment Agreement and the Seller will be responsible for all losses suffered by the Purchaser as a result of such breach by the Seller.

### **Completion**

Completion of the Acquisition shall take place on the day on which the last Condition Precedent is satisfied or waived pursuant to the Investment 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 Purchaser**

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 Investment Agreement, 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 Purchaser is an investment holding vehicle and an indirect wholly-owned subsidiary of the Company incorporated in the PRC.

### **The Seller**

The Seller is principally engaged in (i) the development, construction and leasing of agricultural production facilities; (ii) the farming, processing and sales of agricultural products; (iii) the production of crop supplements and nutrient products; (iv) the development of renewable energy technologies and (v) the development of agricultural related tourism projects.

### **The Target Company**

The Target Company is principally engaged in (i) the development and investment of renewable and clean energy projects; (ii) the development and operation of agricultural production facilities; (iii) the production and sales of agricultural products and (iv) the leasing of agricultural equipment and facilities.

Based on the respective unaudited account of the Target Company, the unaudited net asset value of the Target Company is RMB49,758,694 (equivalent to HK\$62,790,496) as at 31 August 2014. The following information is a summary of the audited financial statements of the Target Company under PRC Generally Accepted Accounting Principles for the two financial years ended 31 December 2013:

	<b>For the year ended 31 December 2012 <i>RMB in thousand</i></b>	<b>For the year ended 31 December 2013 <i>RMB in thousand</i></b>
Net profits/(loss) before tax and extraordinary items	(173,750)	(23,285)
Net profits/(loss) after tax and extraordinary items	<u>(173,750)</u>	<u>(23,285)</u>

### III. REASONS FOR AND BENEFIT OF THE INVESTMENT AGREEMENT

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 Acquisition and the Capital Injection, the Group would increase its photovoltaic projects by an additional 161 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 Acquisition and the Capital Injection to provide an opportunity for the Group to further expand in the solar energy industry which is a core part of the Group's strategy.

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

### IV. LISTING RULES IMPLICATION

As the applicable percentage ratios for the Acquisition and the Capital Injection, when aggregated pursuant to Rule 14.22 of the Listing Rules, exceed 5% but less than 25%, the Acquisition and the Capital Injection together constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are 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, prior to the Acquisition, the Seller 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
“Acquisition”	the acquisition of the Target Equity Interests by the Purchaser from the Seller pursuant to the Investment Agreement
“Board”	the board of Directors of the Company
“Capital Injection”	the additional capital to be injected by the Purchaser and the Seller following the increase in the total registered capital of the Target Company from RMB50.0 million to RMB273.6 million
“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
“Inner Mongolia Projects”	the two projects currently developed by the Target Company in the city of Hohhot in the Inner Mongolia Autonomous Region, namely a 31 MW photovoltaic power generation project and a 130 MW building-integrated photovoltaic project
“Investment Agreement”	the equity transfer and capital increase agreement dated 6 October 2014 entered into between the Purchaser and the Seller in relation to the Acquisition and the Capital Injection
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	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
“PRC”	The People’s Republic of China
“RMB”	Reminbi, the lawful currency of the PRC

“Seller”	內蒙古香島生態農業開發有限公司 (Inner Mongolia Xiangdao Agricultural Development Company Limited*), a company incorporated in the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Target Company”	內蒙古香島新能源開發有限公司 (Inner Mongolia Xiangdao New Energy Development Company Limited*), a PRC incorporated company wholly owned by the Seller prior to the Acquisition
“Target Equity Interests”	Shares representing 90.1% of the issued share capital of the Target Company to be purchased by the Purchaser from the Seller
“Target Shares”	collectively, the entire equity interests of the Target Company

*For illustration purposes only, an exchange rate of RMB1.00 to HK\$1.2619 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, 6 October 2014

*As at the date of this announcement, the executive Directors are Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Zhang Guoxin, 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.*