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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)

CONNECTED TRANSACTION

SUMMARY

On 12 November 2014, Suzhou GCL New Energy, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Suzhou GCL-Poly, an indirectly wholly-owned subsidiary of GCL-Poly, pursuant to which Suzhou GCL New Energy will purchase 100% equity interest in Shuozhou GCL, Jiuquan GCL and Licheng GCL and 50% equity interest in Yili GCL from Suzhou GCL-Poly, subject to and in accordance with the terms and conditions of the Equity Transfer Agreement. The consideration to be paid by Suzhou GCL New Energy is RMB10,805,000 (equivalent to approximately HK\$13,605,656).

LISTING RULES IMPLICATION

Suzhou GCL New Energy is an indirectly wholly-owned subsidiary of the Company and Suzhou GCL-Poly is an indirectly wholly-owned subsidiary of GCL-Poly. GCL-Poly is a substantial shareholder of the Company and a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. As such, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement is less than 5%, the transaction is subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The board announces that the Company, through Suzhou GCL New Energy, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Suzhou GCL-Poly dated 12 November 2014, pursuant to which Suzhou GCL New Energy will purchase 100% equity interest in Shuozhou GCL, Jiuquan GCL and Licheng GCL and 50% equity interest in Yili GCL from Suzhou GCL-Poly, subject to and in accordance with the terms and conditions of the Equity Transfer Agreement. The consideration to be paid by Suzhou GCL New Energy is RMB10,805,000 (equivalent to approximately HK\$13,605,656). Shuozhou GCL, Jiuquan GCL, Licheng GCL and Yili GCL hold power plants of installed capacity of 50MW, 50MW, 30MW and 30MW, respectively.

2. THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarized as follows:

(a) Date

12 November 2014

(b) Parties

Seller: Suzhou GCL-Poly

Purchaser: Suzhou GCL New Energy

(c) Assets Acquired under the Equity Transfer Agreement

100% equity interest in Shuozhou GCL, Jiuquan GCL and Licheng GCL and 50% equity interest in Yili GCL from Suzhou GCL-Poly.

Shuozhou GCL, Jiuquan GCL, Licheng GCL and Yili GCL are project companies which develop power plant projects with planned capacity of 50MW, 50MW, 30MW and 30MW, respectively.

(d) Consideration

The consideration to be paid by Suzhou GCL New Energy is RMB10,805,000 (equivalent to approximately HK\$13,605,656), 50% of which shall be paid by cash upon signing of the Equity Transfer Agreement and the remaining 50% shall be paid in cash upon completion.

The consideration was determined based on a business valuation performed by an independent valuer performed as at 31 August 2014 on the fair value of 100% equity interest in Shuozhou GCL, Jiuquan GCL and Licheng GCL and 50% equity interest in Yili GCL from Suzhou GCL-Poly. Suzhou GCL-Poly invested an aggregate of RMB6.69 million (equivalent to HK\$8.42 million) in the Target Companies, which represents the aggregate net asset values of the Target Companies.

(e) Conditions Precedent

Completion is conditional on the following conditions having been fulfilled or waived:

- (i) all requirements of approvals, permits filings and registrations in relation to the Equity Transfer Agreement required under applicable laws and regulations have been satisfied;
- (ii) all intercompany payables and receivables between the Target Companies (and their subsidiaries) and Suzhou GCL-Poly (and its subsidiaries) have been settled to the satisfaction of Suzhou GCL New Energy in writing;
- (iii) all guarantees between the Target Companies (and their subsidiaries) and Suzhou GCL-Poly (and its subsidiaries) have been discharged and settled to the satisfaction of Suzhou GCL New Energy in writing; and
- (iv) all contracts pursuant to which shares of the Target Companies or any of their subsidiaries have been pledged, mortgaged or charged have been terminated and all registrations of such share pledge, mortgage or charge have been cancelled to the satisfaction of Suzhou GCL New Energy in writing.

(f) Completion

Completion will take place on the second business day after all the conditions have been fulfilled or waived (as applicable) and is in any event not later than 31 December 2014 or any date to be agreed by the parties in writing.

(g) Undertakings

Suzhou GCL-Poly undertakes to Suzhou GCL New Energy that:

- (i) from the date of signing until completion, it will maintain the normal operation of the business of the Target Companies and their subsidiaries and will not enter into any material transaction other than in the usual business course exceeding RMB100,000 without having obtained a prior written consent from Suzhou GCL New Energy;
- (ii) it will apply and obtain, or assist Suzhou GCL New Energy to apply and obtain all requisite authorities and approvals in connection with the sale and purchase of the equity interests in accordance with relevant laws and regulations;

- (iii) it will pay for all taxes, fines, interest of fines and fees payable by the Target Companies and their subsidiaries arising before the completion, regardless of whether such amount is due by completion;
- (iv) upon request of Suzhou GCL New Energy or any of the Target Companies, it will provide all necessary assistance to procure the fulfilment of all obligations of Suzhou GCL New Energy and the Target Companies under applicable laws and regulations in connection with disclosure, notification, registration and the transfer of the shares;
- (v) it will complete or assist Suzhou GCL New Energy to complete all registration procedures in connection with the sale and transfer of the shares, including but not limited to notifying the relevant share registrar and completing the change of registration; and
- (vi) it will perform all other obligations as set out in the Equity Transfer Agreement.

3. INFORMATION ON THE PARTIES

The Group is principally engaged in development, construction, investment, operation and management of photovoltaic power station projects as well as providing energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to its customers and joint venture partners. The Group is also engaged in manufacturing and selling of printed circuit boards.

Suzhou GCL New Energy is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment, management and consulting relating to solar power plants.

Suzhou GCL-Poly is an indirect wholly-owned subsidiary of GCL-Poly and is principally engaged in investment in solar farms. It currently holds 100% equity interest in Shuozhou GCL, Jiuquan GCL and Licheng GCL and 50% equity interest in Yili GCL, which in turn develops power plant projects of planned capacity of 50MW, 50MW, 30MW and 30MW, respectively. As at 31 August 2014, the unaudited net asset values of Shuozhou GCL, Jiuquan GCL, Licheng GCL and Yili GCL are RMB1.98 million, RMB1.92 million, RMB1.79 million and RMB2.0 million (50% being RMB1.0 million), respectively.

The following information is a summary of the respective audited/unaudited financial statements of each of the Target Companies:

Shuozhou GCL

The unaudited financial statements for the period from the date of establishment on 21 October 2013 to 31 December 2013 and the eight months ended 31 August 2014.

	For the period from 21 October 2013 to 31 December 2013 <i>RMB'000</i>	For the eight months 31 August 2014 <i>RMB'000</i>
Net profit/(loss) before and after tax and extraordinary items	(2)	(19)

Jiuquan GCL

The unaudited financial statements for the period from the date of establishment on 15 November 2013 to 31 December 2013 and the eight months ended 31 August 2014.

	For the period from 15 November 2013 to 31 December 2013 <i>RMB'000</i>	For the eight months 31 August 2014 <i>RMB'000</i>
Net profit/(loss) before and after tax and extraordinary items	(53)	(28)

Licheng GCL

The unaudited financial statements for the period from the date of establishment on 25 October 2013 to 31 December 2013 and the eight months ended 31 August 2014.

	For the period from 25 October 2013 to 31 December 2013 <i>RMB'000</i>	For the eight months 31 August 2014 <i>RMB'000</i>
Net profit/(loss) before and after tax and extraordinary items	1	(206)

Yili GCL

The unaudited financial statements from the date of establishment on 19 June 2014 to 31 August 2014 (the “**Period**”).

For the Period
RMB'000

Net profit/(loss) before and after tax
and extraordinary items (4)

The principal activities of Shuozhou GCL is development, investment, construction and operation of solar power plant. Following completion of the Equity Transfer Agreement, Shuozhou GCL will become an indirect wholly-owned subsidiary of the Company.

The principal activities of Jiuquan GCL is development, investment, construction and operation of solar power plant. Following completion of the Equity Transfer Agreement, Jiuquan GCL will become an indirect wholly-owned subsidiary of the Company.

The principal activities of Licheng GCL is development, investment, construction and operation of solar power plant. Following completion of the Equity Transfer Agreement, Licheng GCL will become an indirect wholly-owned subsidiary of the Company.

The principal activities of Yili GCL is development, investment, construction and operation of solar power plant. Following completion of the Equity Transfer Agreement, Yili GCL will be indirectly owned as to 50% by the Company. The remaining 50% of the equity interest in Yili GCL is owned by an independent third party of the Company.

4. REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS UNDER THE EQUITY TRANSFER AGREEMENT

As set out in section three of this announcement, the Group is principally engaged in development, construction, investment, operation and management of photovoltaic power station projects as well as providing energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to its customers and joint venture partners. The Group is also engaged in manufacturing and selling of printed circuit boards. The Directors (including the independent non-executive Directors) believe the acquisition of the Target Companies is line with the Group’s development strategy.

The Equity Transfer Agreement was entered into in the usual and ordinary course of the Group’s business. The terms were negotiated based on normal commercial terms and were determined following arm’s length negotiation between the parties,

including based on valuations provided by independent third party valuers. As such, the Directors (including the independent non-executive Directors) are of the view that the Equity Transfer 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 in the interests of the Company and the Shareholders as a whole.

As Mr. Zhu Gongshan, Mr. Gu Xin and Ms. Hu Xiaoyan (executive Directors) and Ms. Sun Wei (non-executive Director) have a material interest in the connected transaction under the Equity Transfer Agreement, Mr. Zhu Gongshan, Mr. Gu Xin, Ms. Hu Xiaoyan and Ms. Sun Wei abstained from voting on the resolutions of the Board to approve the connected transaction under the Equity Transfer Agreement.

5. LISTING RULES IMPLICATIONS

Suzhou GCL New Energy is an indirectly-wholly owned subsidiary of the Company and Suzhou GCL-Poly is an indirectly wholly-owned subsidiary of GCL-Poly. GCL-Poly is a substantial shareholder of the Company and a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. As such, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement is less than 5%, the transaction is subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

V. DEFINITIONS

“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
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 12 November 2014 entered into between Suzhou GCL New Energy and Suzhou GCL-Poly, in relation to the sale and purchase of 100% equity interest in Shuozhou GCL, Jiuquan GCL and Licheng GCL and 50% equity interest in Yili GCL

“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. As at the date of this announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company
“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
“Jiuquan GCL”	酒泉協鑫新能源有限公司 (Jiuquan GCL New Energy Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL-Poly
“Licheng GCL”	黎城協鑫光伏電力有限公司 (Licheng GCL Solar Energy Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL-Poly
“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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shuozhou GCL”	朔州市協鑫光伏電力有限公司 (Shuozhou GCL Solar Energy Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL-Poly

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Suzhou GCL-Poly”	蘇州保利協鑫光伏電力投資有限公司 (Suzhou GCL-Poly Solar Energy Investment Ltd.*), a company incorporated in the PRC with limited liability, a subsidiary of GCL-Poly
“Suzhou GCL New Energy”	蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Limited*), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Target Companies”	Shuozhou GCL, Jiuquan GCL, Licheng GCL and Yili GCL
“Yili GCL”	伊犁協鑫能源有限公司 (Yili GCL New Energy Limited*), a company incorporated in PRC with limited liability, of which 50% equity interest is owned by Suzhou GCL-Poly
“%”	per cent

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.2592, and are provided for information purposes only. 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, 12 November 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; 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