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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 WITH KUNMING LV DIAN
TECHNOLOGY COMPANY LIMITED**

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that, on 2 March 2015 (after trading hours), Suzhou GCL New Energy (an indirect wholly owned subsidiary of the Company), the Vendor (an independent third party of the Company) and the Target Company entered into the Cooperation Agreement, pursuant to which the parties have agreed to cooperate in relation to phase one of the development of a photovoltaic power station project with a capacity of 50MW in Hewai of Yuanmou County, the PRC (the “**Yuanmou Project Phase I**”). The Yuanmou Project Phase I is part of a 100MW photovoltaic power station project in Hewai of Yuanmou County, the PRC (the “**Yuanmou Project**”), which is solely owned by the Target Company. Under the Cooperation Agreement, Suzhou GCL New Energy will be responsible for the land rental of the Yuanmou Project Phase I up to a maximum of RMB5,332,924.5 (equivalent to approximately HK\$6,722,684.6).

Pursuant to the Cooperation Agreement, on 2 March 2015 (after trading hours):

- (i) Suzhou GCL New Energy and the Vendor entered into the SPA under which Suzhou GCL New Energy conditionally agreed to acquire 30% equity interest of the Target Company at a cash consideration of RMB6,000,000 (equivalent to approximately HK\$7,563,600). After completion of the SPA, the Vendor will continue to hold 70% equity interest in the Target Company and the Target Company will continue to be a subsidiary of the Vendor. Suzhou GCL New Energy and the Vendor will bear the cost of financing capital for the Target Company in proportion to their equity interests after completion of the SPA;
- (ii) Suzhou GCL New Energy and the Vendor entered into the Share Pledge Agreement pursuant to which the Vendor agreed to pledge the remaining 70% equity interest of the Target Company to Suzhou GCL New Energy to guarantee its performance of its duties and obligations under the Cooperation Agreement and the SPA; and

(iii) the EPC Agreement was entered into between the Target Company as the principal, and the Vendor as the contractor, under which the Target Company agreed to engage the Vendor as the contractor to provide engineering, procurement and construction services in relation to the Yuanmou Project Phase I at a cash consideration of RMB425,000,000 (equivalent to approximately HK\$535,755,000).

Further, pursuant to the Cooperation Agreement, the Vendor as customer and Suzhou GCL New Energy (or a party nominated by Suzhou GCL New Energy) as supplier will enter into the Module Sales Agreement for the supply of modules for the Yuanmou Project Phase I at a price of RMB4.00 (equivalent to approximately HK\$5.04) per watt for a total consideration of RMB200,000,000 (equivalent to approximately HK\$252,120,000).

As the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement all relate to Yuanmou Project Phase I, the Board considers that these agreements should be aggregated.

As one or more of the applicable percentage ratios in respect of the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement (in aggregate) exceeds 5% but is less than 25%, the entering into of the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement constitute a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. DISCLOSEABLE TRANSACTION WITH KUNMING LV DIAN TECHNOLOGY COMPANY LIMITED

The Board is pleased to announce that on 2 March 2015 (after trading hours), Suzhou GCL New Energy (an indirect wholly owned subsidiary of the Company), the Vendor (an independent third party of the Company) and the Target Company entered into the Cooperation Agreement, pursuant to which the parties have agreed to cooperate in relation to the Yuanmou Project Phase I. The Yuanmou Project Phase I is part of the Yuanmou Project, which is solely owned by the Target Company. Under the Cooperation Agreement, Suzhou GCL New Energy will be responsible for the land rental of the Yuanmou Project Phase I up to a maximum of RMB5,332,924.5 (equivalent to approximately HK\$6,722,684.6).

Pursuant to the Cooperation Agreement, on 2 March 2015 (after trading hours):

- (i) Suzhou GCL New Energy and the Vendor entered into the SPA under which Suzhou GCL New Energy conditionally agreed to acquire 30% equity interest of the Target Company at a cash consideration of RMB6,000,000 (equivalent to approximately HK\$7,563,600). After completion of the SPA, the Vendor will continue to hold 70% equity interest in the Target Company and the Target Company will continue to be a subsidiary of the Vendor. Suzhou GCL New Energy and the Vendor will bear the cost of financing capital for the Target Company in proportion to their equity interests after completion of the SPA;
- (ii) Suzhou GCL New Energy and the Vendor entered into the Share Pledge Agreement pursuant to which the Vendor agreed to pledge the remaining 70% equity interest of the Target Company to Suzhou GCL New Energy to guarantee its performance of its duties and obligations under the Cooperation Agreement and the SPA; and

- (iii) the EPC Agreement was entered into between the Target Company as the principal, and the Vendor as the contractor, under which the Target Company agreed to engage the Vendor as the contractor to provide engineering, procurement and construction services in relation to the Yuanmou Project Phase I at a cash consideration of RMB425,000,000 (equivalent to approximately HK\$535,755,000).

Further, pursuant to the Cooperation Agreement, the Vendor as customer and Suzhou GCL New Energy (or a party nominated by Suzhou GCL New Energy) as supplier will enter into the Module Sales Agreement for the supply of modules for the Yuanmou Project Phase I at a price of RMB4.00 (equivalent to approximately HK\$5.04) per watt for a total consideration of RMB200,000,000 (equivalent to approximately HK\$252,120,000).

The aggregate consideration under the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement is RMB636,332,924.5 (equivalent to approximately HK\$802,161,284.6).

A. Principal Terms of the Cooperation Agreement

(i) Date

2 March 2015

(ii) Parties

- (1) Suzhou GCL New Energy
- (2) Vendor
- (3) Target Company

(iii) Subject Matter

Pursuant to the Cooperation Agreement, Suzhou GCL New Energy, the Vendor and the Target Company have agreed to cooperate in relation to the Yuanmou Project Phase I by, amongst other things, entering into the following agreements:

- **SPA:** on the same date as the Cooperation Agreement, Suzhou GCL New Energy and the Vendor shall enter into the SPA, pursuant to which Suzhou GCL New Energy shall agree to acquire 30% equity interest of the Target Company at a cash consideration of RMB6,000,000 (equivalent to approximately HK\$7,563,600);
- **Share Pledge Agreement:** on the same date as the Cooperation Agreement, Suzhou GCL New Energy and the Vendor shall enter into the Share Pledge Agreement, pursuant to which the Vendor shall agree to pledge the remaining 70% equity interest of the Target Company owned by the Vendor to Suzhou GCL New Energy to guarantee its performance of its duties and obligations under the Cooperation Agreement and the SPA;
- **EPC Agreement:** on the same date as the Cooperation Agreement, the Vendor as contractor and the Target Company as principal shall enter into the EPC Agreement, pursuant to which the Vendor shall undertake to

provide engineering, procurement and construction services in relation to the Yuanmou Project Phase I at a total consideration of RMB425,000,000 (equivalent to approximately HK\$535,755,000); and

- **Module Sales Agreement:** the Vendor as customer and Suzhou GCL New Energy (or a party specified by Suzhou GCL New Energy) as the supplier shall enter into a modules sales agreement in relation to the supply of modules for the Yuanmou Project Phase I at a price of RMB4.00 (equivalent to approximately HK\$5.04) per watt for a total consideration of RMB200,000,000 (equivalent to approximately HK\$252,120,000).

(iv) Down payment

Within 15 days of signing the Cooperation Agreement, Suzhou GCL New Energy shall pay the Vendor RMB10,000,000 (equivalent to approximately HK\$12,606,000) as down payment of which (i) RMB6,000,000 (equivalent to approximately HK\$7,563,600) shall be used to offset the consideration for the acquisition of 30% equity interest in the Target Company under the SPA and (ii) RMB4,000,000 (equivalent to approximately HK\$5,042,400) shall be returned to Suzhou GCL New Energy prior to the first instalment of consideration being paid under the EPC Agreement.

(v) Land rental

In respect of the Yuanmou Project Phase I, Suzhou GCL New Energy shall be responsible for land rental up to a maximum amount of RMB5,332,924.5 (equivalent to approximately HK\$6,722,684.6). The size of the land is 1,780 mu (equivalent to approximately 1,187,260 square metres) and the annual land rental is RMB120 (equivalent to approximately HK\$151) per mu (equivalent to approximately 667 square metres). Land rental is to be paid for 20 years and shall be paid every 5 years, where such land rental shall be increased by 15% each 5 year period. The Vendor shall be responsible for any land rental in excess of this amount.

The land rental was determined after arm's length negotiation between Suzhou GCL New Energy and the Vendor with reference to the prevailing market rent.

B. Principal terms of the SPA

(i) Date

2 March 2015

(ii) Parties

Purchaser: Suzhou GCL New Energy

Vendor: Kunming Lv Dian Technology Company Limited

(iii) Equity interests to be acquired

Pursuant to and subject to the terms and conditions of the SPA, Suzhou GCL New Energy conditionally agreed to acquire 30% equity interest in the Target Company from the Vendor. Prior to the completion of the SPA, the Vendor held 100% equity interest in the Target Company. After completion of the SPA, the Vendor will continue to hold 70% equity interest in the Target Company and the Target Company will continue to be a subsidiary of the Vendor. Suzhou GCL New Energy and the Vendor will bear the cost of financing capital for the Target Company in proportion to their equity interests after completion of the SPA. The Yuanmou Project Phase I is part of the Yuanmou Project, which is solely owned by the Target Company.

(iv) Consideration

Pursuant to the SPA, the total consideration of RMB6,000,000 (equivalent to approximately HK\$7,563,600) shall be paid by Suzhou GCL New Energy to the Vendor. The consideration will be settled by the then available internal resources of the Group.

The total consideration under the SPA shall be paid within three business days after the Vendor has procured the fulfilment of the following conditions by the Target Company:

- (a) all permits and filings in relation to the Yuanmou Project having been obtained;
- (b) all necessary legal documents for land pre-approval for the Yuanmou Project having been obtained;
- (c) all site-selection legal opinions and documents having been obtained;
- (d) the electricity grid amalgamation permit for the Yuanmou Project having been obtained;
- (e) all other permits, filings, licenses, approvals and registrations required for the Yuanmou Project having been obtained;
- (f) Suzhou GCL New Energy and the Vendor having signed the articles of the Target Company; and
- (g) the Vendor having paid 100% of the registered share capital of the Target Company and this having been confirmed by Suzhou GCL New Energy.

The consideration was determined on normal commercial terms after arm's length negotiations between Suzhou GCL New Energy and the Vendor after taking into account the actual paid up share capital of the Target Company.

(v) *Completion*

Completion shall take place on the date following the date on which Suzhou GCL New Energy has paid the total consideration under the SPA to the Vendor. Documentation for the change of the registered shareholders of the Target Company shall be completed within ten business days after the date of the SPA.

As the completion of the SPA is subject to the fulfilment of the condition precedents as stipulated therein, the acquisition may or may not proceed. Shareholders and any potential investors are advised to take caution in dealing in the securities of the Company.

(vi) *Information about the Target Company*

The Target Company is a company incorporated in the PRC with limited liability and was set up by the Vendor as a project company for the operation and development of the Yuanmou Project.

Based on the unaudited financial information of the Target Company provided by the Vendor, the unaudited net asset value of the Target Company as at 31 December 2014 was RMB19,847,806 (equivalent to approximately HK\$25,020,144). For the two financial years ended 31 December 2014 and 31 December 2013, the unaudited net loss (before and after taxation and extraordinary items) of the Target Company were as follows:

	For the year ended 31 December	
	2014	2013
	(unaudited)	(unaudited)
	(RMB)	(RMB)
	124,115	23,911
	equivalent to	equivalent to
	approximately	approximately
loss before taxation	HK\$156,459	HK\$30,142
	124,115	23,911
	equivalent to	equivalent to
	approximately	approximately
loss after taxation	HK\$156,459	HK\$30,142

C. The Share Pledge Agreement

On 2 March 2015, Suzhou GCL New Energy and the Vendor entered into the Share Pledge Agreement pursuant to which the Vendor agreed to pledge the remaining 70% equity interest of the Target Company owned by the Vendor to Suzhou GCL New Energy to guarantee its performance of its duties and obligations under the Cooperation Agreement and the SPA.

D. Principal terms of the EPC Agreement

(i) Date

2 March 2015

(ii) Parties

Principal: Target Company

Contractor: Vendor

(iii) Subject matter

The Target Company agreed to engage the Vendor as the contractor to provide engineering, procurement and construction services in relation to the Yuanmou Project Phase I. The construction shall commence on 5 March 2015 provided that the Vendor has obtained all necessary approvals and licenses required from the relevant PRC authorities for the commencement of work of the Yuanmou Project Phase I. It is expected that inspection and acceptance of the Yuanmou Project Phase I will be completed by 31 January 2016.

(iv) Basis of consideration

The consideration for the services under EPC Agreement shall be RMB425,000,000 (equivalent to approximately HK\$535,755,000).

The EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the EPC Agreement; (b) the profit margin of the project Yuanmou Project Phase I; (c) the prevailing market price and (d) the cost of the modules to be purchased under the Module Sales Agreement.

(v) Payment terms

The consideration for the services under the EPC Agreement shall be paid by the Target Company to the Vendor in five instalments in accordance with milestones as follows:

First instalment	20% of the consideration (i.e. RMB85,000,000 (equivalent to approximately HK\$107,151,000))	Within 15 working days from commencement of work provided that the Vendor has obtained all necessary approvals and licenses required from the relevant PRC authorities for the commencement of work of the Yuanmou Project Phase I and after the Vendor has returned to Suzhou GCL New Energy RMB4,000,000 (equivalent to approximately HK\$5,042,400) paid as down payment under the Cooperation Agreement and issued a value-added tax invoice
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Second instalment	30% of the consideration (i.e. RMB127,500,000 (equivalent to approximately HK\$160,726,500))	Provided that the Vendor has repaid RMB20,000,000 (equivalent to approximately HK\$25,212,000) owed to the Target Company, representing the entire debt owed by the Vendor to the Target Company; the booster station, outward wiring and contralateral spacing has been completed; the power quality inspection has been completed; 12MW on-grid power generation for the Yuanmou Project Phase I has been completed; and inspection and acceptance by the property owner has taken place.
Third instalment	25% of the consideration (i.e. RMB106,250,000 (equivalent to approximately HK\$133,938,750))	Upon completing 50MW of on-grid power generation for the Yuanmou Project Phase I and after inspection and acceptance by the property owner
Fourth instalment	15% of the consideration (i.e. RMB63,750,000 (equivalent to approximately HK\$80,363,250))	Upon obtaining the Transfer Production Certificate* (移交生產鑒定書), obtaining the Construction Completion Certificate* (工程竣工驗收鑒定書), and completing settlement
Fifth instalment	10% of the consideration (i.e. RMB42,500,000 (equivalent to approximately HK\$53,575,500))	Upon the expiration of the warranty provided by the Vendor in relation to the quality of the construction work and electricity generating capacity for the Yuanmou Project Phase I which is valid for 1 year after the date of the Construction Completion Certificate being issued

E. Module Sales Agreement

(i) Parties

- (1) Vendor
- (2) Suzhou GCL New Energy (or a party nominated by Suzhou GCL New Energy)

(ii) Subject Matter

Pursuant to the Cooperation Agreement, the Vendor as customer and Suzhou GCL New Energy (or a party nominated by Suzhou GCL New Energy) as supplier will enter into the Module Sales Agreement for the supply of modules at a price of RMB4.00 (equivalent to approximately HK\$5.04) per watt for a total consideration of RMB200,000,000 (equivalent to approximately HK\$252,120,000).

(iii) Consideration

The consideration under the Module Sales Agreement was calculated on the basis of the market price of similar products which was determined after arm's length negotiations between the parties.

2. LISTING RULES IMPLICATIONS

As the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement all relate to Yuanmou Project Phase I, the Board considers that these agreements should be aggregated.

As one or more of the applicable percentage ratios in respect of the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement (in aggregate) exceeds 5% but is less than 25%, the entering into of the Cooperation Agreement, the SPA, the EPC Agreement and the Module Sales Agreement constitute a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

3. REASONS AND BENEFITS OF THE DISCLOSEABLE TRANSACTION

Since May 2014, the Company has announced various renewable energy projects and acquisitions showing the new nature and scope of the business of the Group, including the Company's announcements dated 21 May 2014, 26 August 2014, 28 August 2014, 6 October 2014, 10 November 2014, 28 November 2014, 4 December 2014 and 30 December 2014.

Renewable energy is a new core focus of the Group's business and the Group will continue to invest in, construct and develop additional photovoltaic power stations. Thus enhancing the synergy between the Group's existing power generation operations with the Target Company. The acquisition of 30% equity interest in the Target Company provides an opportunity for the Group to further expand in the solar energy industry which is a core part of the Group's strategy.

The Target Company has to engage contractors to provide engineering, procurement and construction services to construct its power generation projects. The Vendor is an established EPC contractor and has extensive local resources. The Group believes that it can deliver service at a quality standard which meets the expectations of the Group. The

Group believes that the supply of modules from Suzhou GCL New Energy (or a party nominated by Suzhou GCL New Energy) under the Module Sales Agreement will ensure the stability and quality of power generation for the Yuanmou Project Phase I.

Based on the above reasons, the Directors believe and consider that the terms of the Cooperation Agreement, the SPA, the Share Pledge Agreement, the EPC Agreement and the Module Sales Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

4. INFORMATION ON THE PARTIES TO THE DISCLOSEABLE TRANSACTION

The Vendor

The Vendor's principal business includes: research, development and sales of optical instruments and accessories, electronic products and accessories, and electric power equipment; research, development, sales, installation and maintenance of solar energy equipment; installation, maintenance and technical support for electric power projects; sales of building materials and general machinery; and labour dispatch.

The Group

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.

5. DEFINITIONS

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

“Board”	the board of the Directors
“Company”	GCL New Energy Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“connected persons”	has the meanings ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement entered into on 2 March 2015 between Suzhou GCL New Energy, the Vendor and the Target Company in relation to cooperation for the Yuanmou Project Phase I
“Director(s)”	director(s) of the Company
“EPC Agreement”	the agreement dated 2 March 2015 entered into between the Target Company (as the principal) and the Vendor (as the contractor) under which the Vendor undertakes to provide engineering, procurement and construction services in relation to the Yuanmou Project Phase I

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Module Sales Agreement”	the module sales agreement to be entered into between the Vendor as customer and Suzhou GCL New Energy (or a party specified by Suzhou GCL New Energy) as supplier in relation to the supply of modules
“mu”	畝(mu), a unit of area which is equivalent to approximately 667 square metres
“MW”	Megawatt(s)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of the Company
“Share Pledge Agreement”	the share pledge agreement entered into on 2 March 2015 between Suzhou GCL New Energy and the Vendor pursuant to which the Vendor pledges 70% equity interest in the Target Company to Suzhou GCL New Energy
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the share transfer agreement dated 2 March 2015 entered into between Suzhou GCL New Energy and the Vendor in relation to the acquisition of 30% equity interest of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司), an indirect wholly owned subsidiary of the Company which is incorporated in the PRC with limited liability

“Target Company”	Yuanmou Lv Dian New Energy Development Company Limited* (元謀綠電新能源開發有限公司), a company incorporated in the PRC with limited liability
“Vendor”	Kunming Lv Dian Technology Company Limited* (昆明綠電科技有限公司), a company incorporated in the PRC with limited liability
“Yuanmou Project”	the 100 MW photovoltaic power station project in Hewai of the Yuanmou County
“Yuanmou Project Phase I”	phase one of the development of the photovoltaic power station project with a capacity of 50MW in Hewai of Yuanmou County
“%”	per cent.

* For identification purpose only

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.2606, being the exchange rate prevailing on 2 March 2015. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

* *All of the English titles or names of the PRC laws and regulations, as well as certain items contained in this announcement have been included for identification purpose only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.*

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, 2 March 2015

As at the date of this announcement, the executive Directors are Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Zhang Guoxin, Ms. Hu Xiaoyan and Mr. Yip Sum Yin; the non-executive Directors are Mr. Zhu Yufeng, Ms. Sun Wei and Mr. Sha Hongqiu; and the independent non-executive Directors are Mr. Wang Bohua, Mr. Xu Songda, Mr. Wang Yanguo and Mr. Lee Conway Kong Wai.