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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 CHINA MACHINERY INTERNATIONAL ENGINEERING DESIGN & RESEARCH INSTITUTE CO., LTD.**

#### **THE DISCLOSEABLE TRANSACTION**

On 18 September 2015, Kaifeng Huaxin (an indirect wholly owned subsidiary of the Company) as principal entered into the following two EPC agreements with China Machinery (an independent third party of the Company) as contractor:

- (i) the EPC agreement in relation to the 100MW agricultural photovoltaic power station project at Yuwangtai District in Kaifeng City of Henan Province, the PRC (the “**100MW Yuwangtai Project**”) at an estimated consideration of RMB666,800,000 (equivalent to approximately HK\$811,695,640) (the “**100MW Yuwangtai EPC Agreement**”); and
- (ii) the EPC agreement in relation to the 20MW agricultural photovoltaic power station project at Yuwangtai District in Kaifeng City of Henan Province, the PRC (the “**20MW Yuwangtai Project**”) at an estimated consideration of RMB133,360,000 (equivalent to approximately HK\$162,339,128) (the “**20MW Yuwangtai EPC Agreement**”),

(collectively, the “**EPC Agreements**”).

The aggregate consideration under the EPC Agreements is estimated to be RMB800,160,000 (equivalent to approximately HK\$974,034,768).

#### **LISTING RULE IMPLICATIONS**

As each of the EPC Agreements were entered into with China Machinery, the EPC Agreements will be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC Agreements (in aggregate) exceeds 5% but is less than 25% for the Company, the entering into of the EPC Agreements, in aggregate, constitutes 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. THE DISCLOSEABLE TRANSACTION

### A. Principal terms of the 100MW Yuwangtai EPC Agreement

*(i) Date*

18 September 2015

*(ii) Parties*

Principal: Kaifeng Huaxin

Contractor: China Machinery

*(iii) Subject matter*

Kaifeng Huaxin as principal agreed to engage China Machinery as contractor to provide engineering, procurement and construction services in relation to the 100MW Yuwangtai Project. The relevant construction work will commence upon notice being given by Kaifeng Huaxin to China Machinery. It is expected that full on-grid connection for the 100MW Yuwangtai Project will be completed within 100 calendar days after notice to commence work being given by Kaifeng Huaxin. A test run and the quality check will be performed on the 100MW Yuwangtai Project and the Test Run and Quality Check Certificate\* (工程試運和移交生產驗收鑑定書) will be obtained within 30 days following full power generation. The Construction Completion Certificate\* (工程竣工驗收鑑定書) will be obtained within 2 months after the construction work for the 100MW Yuwangtai Project is completed.

*(iv) Basis of consideration*

The consideration for the services under the 100MW Yuwangtai EPC Agreement is estimated to be RMB666,800,000 (equivalent to approximately HK\$811,695,640).

The 100MW Yuwangtai EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the 100MW Yuwangtai EPC Agreement was determined with reference to (a) the quality standard and cost of the services to be provided; (b) the profit margin of the project; and (c) the prevailing market price of similar services.

(v) *Payment terms*

The consideration for the services under the 100MW Yuwangtai EPC Agreement shall be paid by Kaifeng Huaxin to China Machinery in accordance with the following milestones:

- |                   |   |
|-------------------|---|
| First instalment  | 10% of the total consideration, which shall be paid by Kaifeng Huaxin to China Machinery within 10 days of receiving a bank confirmation provided by China Machinery with an undertaking that, in the event of any failure on the part of China Machinery to pay damages to Kaifeng Huaxin as a result of any breach of the 100MW Yuwangtai EPC Agreement, the bank would pay a sum of up to RMB66,680,000 (equivalent to HK\$81,169,564) to Kaifeng Huaxin as compensation |
| Second instalment | 80% of the total consideration, which shall be paid by Kaifeng Huaxin to China Machinery within 10 days of the expiry of 3 months after full on-grid connection for the 100MW Yuwangtai Project, provided that China Machinery provides an invoice to the satisfaction of Kaifeng Huaxin  |
| Third instalment  | 5% of the total consideration subject to final adjustment based on work completed by China Machinery, which shall be paid by Kaifeng Huaxin to China Machinery within 10 days after completion and inspection of the construction work for the 100MW Yuwangtai Project, provided that China Machinery provides Kaifeng Huaxin with an invoice as requested by Kaifeng Huaxin  |
| Fourth instalment | 5% of the total consideration subject to final adjustment based on work completed by China Machinery, which shall be paid by Kaifeng Huaxin to China Machinery within 15 days after the expiration of the warranty period of 12 months from the date of the Construction Completion Certificate* (工程竣工验收鉴定书), provided that there are no issues in relation to the quality of services and construction work  |

China Machinery shall notify Kaifeng Huaxin of the timing and terms for the payment for equipment, construction subcontractors and labour subcontractors by China Machinery. Provided that the payment conditions have been met, upon receipt of an authority to pay on its behalf issued by China Machinery to Kaifeng Huaxin, Kaifeng Huaxin may directly pay the equipment suppliers, construction subcontractors and labour subcontractors, and deduct an equivalent amount from the consideration under the 100MW Yuwangtai EPC Agreement.

## **B. Principal terms of the 20MW Yuwangtai EPC Agreement**

### *(i) Date*

18 September 2015

### *(ii) Parties*

Principal: Kaifeng Huaxin

Contractor: China Machinery

### *(iii) Subject Matter*

Kaifeng Huaxin as principal agreed to engage China Machinery as contractor to provide engineering, procurement and construction services in relation to the 20MW Yuwangtai Project. The relevant construction work will commence upon notice being given by Kaifeng Huaxin. It is expected that full on-grid connection for the 20MW Yuwangtai Project will be completed within 100 calendar days after notice to commence work being given by Kaifeng Huaxin. A test run and the quality check will be performed on the 20MW Yuwangtai Project and the Test Run and Quality Check Certificate\* (工程試運和移交生產驗收鑑定書) will be obtained within 30 days following the full power generation. The Construction Completion Certificate\* (工程竣工驗收鑑定書) will be obtained within 2 months after the construction work for the 20MW Yuwangtai Project is completed.

### *(iv) Basis of consideration*

The consideration for the services under the 20MW Yuwangtai EPC Agreement is estimated to be RMB133,360,000 (equivalent to approximately HK\$162,339,128).

The 20MW Yuwangtai EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the 20MW Yuwangtai EPC Agreement was determined with reference to (a) the quality standard and cost of the services to be provided; (b) the profit margin of the project; and (c) the prevailing market price of similar services.

### *(v) Payment terms*

The consideration for the services under the 20MW Yuwangtai EPC Agreement shall be paid by Kaifeng Huaxin to China Machinery in accordance with the following milestones:

First instalment	10% of the total consideration, which shall be paid by Kaifeng Huaxin to China Machinery within 10 days of receiving a bank confirmation provided by China Machinery with an undertaking that, in the event of any failure on the part of China Machinery to pay damages to Kaifeng Huaxin as a result of any breach of the 20MW Yuwangtai EPC Agreement, the bank would pay a sum of up to RMB13,336,000 (equivalent to HK\$16,233,913) to Kaifeng Huaxin as compensation
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Second instalment	80% of the total consideration, which shall be paid by Kaifeng Huaxin to China Machinery within 10 days of the expiry of 3 months after full on-grid connection for the 20MW Yuwangtai Project, provided that China Machinery provides an invoice to the satisfaction of Kaifeng Huaxin
Third instalment	5% of the total consideration subject to final adjustment based on work completed by China Machinery, which shall be paid by Kaifeng Huaxin to China Machinery within 10 days after completion and inspection of the construction work for the 20MW Yuwangtai Project provided that China Machinery provides Kaifeng Huaxin with an invoice as requested by Kaifeng Huaxin
Fourth instalment	5% of the total consideration subject to final adjustment based on work completed by China Machinery, which shall be paid by Kaifeng Huaxin to China Machinery within 15 days after the expiration of the warranty period of 12 months from the date of the Construction Completion Certificate* (工程竣工驗收鑒定書), provided that there are no issues in relation to the quality of services and construction work

China Machinery shall notify Kaifeng Huaxin of the timing and terms for the payment of equipment, construction subcontractors and labour subcontractors by China Machinery. Provided that the payment conditions have been met, upon receipt of an authority to pay on its behalf issued by China Machinery to Kaifeng Huaxin, Kaifeng Huaxin may directly pay the equipment suppliers, construction subcontractors and labour subcontractors, and deduct an equivalent amount from the consideration under the 20MW Yuwangtai EPC Agreement.

## **2. REASONS AND BENEFITS OF THE TRANSACTION**

Since May 2014, the Company has announced various renewable energy projects and acquisitions relating to 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, 6 January 2015, 12 February 2015, 2 March 2015, 31 July 2015, 8 September 2015, 10 September 2015 and 18 September 2015.

As a developer of photovoltaic power station projects, the Group has to engage contractors to provide engineering, procurement and constructions services to construct its power generation projects. China Machinery 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.

Based on the above reasons, the Directors believe and consider that the terms of the EPC Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### 3. LISTING RULES IMPLICATIONS

As each of the EPC Agreements were entered into with China Machinery, the EPC Agreements will be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC Agreements (in aggregate) exceeds 5% but is less than 25% for the Company, the entering into of the EPC Agreements, in aggregate, constitutes 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 enquiries, China Machinery and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

### 4. INFORMATION ON THE PARTIES TO THE DISCLOSEABLE TRANSACTION

#### China Machinery

China Machinery is principally engaged in project design and related engineering, procurement and construction work, project consultation and project management; engineering, procurement and construction work for public buildings; contracting in relation to renovation projects, electrical engineering, smart building engineering, environmental engineering and electrical transmission and transformation projects; contracting with similar-sized foreign corporations and deploying workers in relation to such contracting; urban planning consultation; design work; project quotation services; research, development, manufacturing and sale of scientific products; technological consulting, training and services; dealing and distributing goods; importing and exporting technology; and type-writing, photocopying (excluding name cards) and printing.

#### 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:

“100MW Yuwangtai EPC Agreement”	the EPC agreement dated 18 September 2015 between Kaifeng Huaxin as principal and China Machinery as contractor in relation to the grid connection of the 100MW Yuwangtai Project
“20MW Yuwangtai EPC Agreement”	the EPC agreement dated 18 September 2015 between Kaifeng Huaxin as principal and China Machinery as contractor in relation to the grid connection of the 20MW Yuwangtai Project
“100MW Yuwangtai Project”	the 100MW photovoltaic power station project at Yuwangtai District in Kaifeng City of Henan Province, the PRC

“20MW Yuwangtai Project”	the 20MW photovoltaic power station project at Yuwangtai District in Kaifeng City of Henan Province, the PRC
“Board”	the board of the Directors
“China Machinery”	China Machinery International Engineering Design & Research Institute Co., Ltd.* (中機國際工程設計研究院有限責任公司), a company incorporated in the PRC with limited liability
“Company”	GCL New Energy Holdings Limited 協鑫新能源控股有限公司, 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 same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Agreements”	collectively, the 100MW Yuwangtai EPC Agreement and the 20MW Yuwangtai EPC Agreement
“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
“Kaifeng Huaxin”	Kaifeng Huaxin New Energy Development Company Limited* (開封華鑫新能源開發有限公司), an indirect wholly owned subsidiary of the Company which is incorporated in the PRC with limited liability
“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
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”      The Stock Exchange of Hong Kong Limited

“subsidiaries”      has the same meaning ascribed to it under the Listing Rules

“%”      per cent.

*This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.2173, being the exchange rate prevailing on 17 September 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 entities, 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, 18 September 2015

*As at the date of this announcement, the Board comprises Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Yip Sum Yin as executive directors; Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Sha Hongqiu and Mr. Yeung Man Chung, Charles as non-executive directors; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Wang Yanguo, Mr. Lee Conway Kong Wai and Dr. Chen Ying as independent non-executive directors.*