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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 BANK OF BEIJING FINANCE LEASING COMPANY LIMITED

THE DISCLOSEABLE TRANSACTION

On 12 September 2016 (after trading hours), the Group entered into the Finance Lease Agreements, pursuant to which (i) Beijing Finance Leasing shall purchase from Nanjing GCL New Energy the Leased Assets at a consideration of RMB479,000,000.00 (equivalent to approximately HK\$557,220,700.00) and Funan GCL shall pay to Nanjing GCL New Energy retention money in relation to the Leased Assets equal to RMB53,608,488.00 (equivalent to approximately HK\$62,362,754.09); and (ii) following the acquisition, Beijing Finance Leasing as lessor shall lease the Leased Assets to Suzhou GCL New Energy and Funan GCL as lessees for a term of 24 months at an aggregate estimated rent of RMB520,292,608.26 (equivalent to approximately HK\$605,256,391.19). In addition, pursuant to the Finance Lease Agreements, the Group engaged Beijing Finance Leasing to provide certain (i) asset management services for a fee of RMB5,787,500.00 (equivalent to approximately HK\$6,732,598.75) and (ii) economic consulting services for a fee of RMB200,000.00 (equivalent to approximately HK\$232,660.00).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Finance Lease Agreements, in aggregate, exceeds 5% but is less than 25% for the Company, the entering into of the Finance Lease 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. PRINCIPAL TERMS OF THE FINANCE LEASE AGREEMENTS

(i) Date

12 September 2016

(ii) Parties

- (1) Nanjing GCL New Energy, as seller
- (2) Beijing Finance Leasing, as lessor and purchaser
- (3) Suzhou GCL New Energy and Funan GCL, as lessees

(iii) The Finance Lease

Pursuant to the Sale and Purchase Agreement and the Finance Lease, (i) Beijing Finance Leasing shall purchase the Leased Assets from Nanjing GCL New Energy at a consideration of RMB479,000,000.00 (equivalent to approximately HK\$557,220,700.00) and Funan GCL shall pay to Nanjing GCL New Energy retention money in relation to the Leased Assets equal to RMB53,608,488.00 (equivalent to approximately HK\$62,362,754.09); and (ii) following the acquisition, Beijing Finance Leasing shall lease the Leased Assets to Suzhou GCL New Energy and Funan GCL at an aggregate estimated rent of RMB520,292,608.26 (equivalent to approximately HK\$605,256,391.19) for a term of 24 months, commencing from the Commencement Date.

(iv) Payment of rent

The aggregate estimated amount of rent payable by Funan GCL and Suzhou GCL New Energy to Beijing Finance Leasing under the Finance Lease Agreements is RMB520,292,608.26 (equivalent to approximately HK\$605,256,391.19) and is payable in instalments in accordance with the following schedule based on the estimated Commencement Date of 15 September 2016:

Instalment	Date	Repayment (RMB)
1.	15 December 2016	12,583,396.53
2.	15 March 2017	91,791,961.11
3.	15 September 2017	207,958,625.31
4.	15 June 2018	207,958,625.31

The lease interest rate shall be equal to 10% above the prevailing benchmark leading rate promulgated by the People's Bank of China. The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate based on the estimated Commencement Date of 15 September 2016. The principal lease cost under the Finance Lease was RMB479,000,000.00 (equivalent to approximately HK\$557,220,700.00). The interest rate under the Finance Lease was calculated at an annualised interest rate of approximately 5.23%. During the term of the Finance Lease, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the applicable interest rate shall be adjusted accordingly on 1 January or 1 July of that year.

(v) Asset Management Agreement

Pursuant to the Asset Management Agreement, Beijing Finance Leasing agreed to provide to Funan GCL certain asset management services for a total service fee of RMB5,787,500.00 (equivalent to approximately HK\$6,732,598.75), which shall be paid in full before 13 September 2016. The asset management services include industry consulting services, professional research consulting services, solutions-based consulting services, and professional asset management services.

(vi) Economic Consulting Services Agreement

Pursuant to the Economic Consulting Services Agreement, Beijing Finance Leasing agreed to provide to Funan GCL certain economic consulting services for a fee of RMB200,000.00 (equivalent to approximately HK\$232,660.00), which shall be paid in full before 13 September 2016. The economic consulting services include due diligence services, industry and market analysis, financing proposals, capital operations strategy, financial management consulting, business modelling and operation management proposals.

The terms of the Finance Lease, Asset Management Agreement and Economic Consulting Services Agreement, including the lease rent, lease interest rate, and services fee, were determined after arm's length negotiation between Beijing Finance Leasing, Funan GCL and Suzhou GCL New Energy with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar asset management and economic consultation services.

The price for the purchase of the Leased Assets payable by Beijing Finance Leasing under the Sale and Purchase Agreement was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Beijing Finance Leasing under the Finance Lease.

(vii) Ownership of the Leased Assets

During the lease period, the ownership of the Leased Assets will be vested in Beijing Finance Leasing. During the lease period, the Leased Assets will be used by Suzhou GCL New Energy and Funan GCL for the Funan Project. Upon expiry of the term of the Finance Lease, Suzhou GCL New Energy and Funan GCL shall acquire the Leased Assets for a nominal sum of RMB100.00 (equivalent to approximately HK\$116.33) which shall be paid together with the final lease payment, provided that all rental payments, interest and amounts due to Beijing Finance Leasing have been paid.

(viii) Security arrangements for the Finance Lease

Pursuant to the Finance Lease Agreements, Funan GCL and Suzhou GCL New Energy shall pay to Beijing Finance Leasing the Security Deposit which shall be paid on or before the day the consideration is paid under the Sale and Purchase Agreement to secure Funan GCL's and Suzhou GCL New Energy's obligations under the Finance Lease. Beijing Finance Leasing shall be entitled to deduct from the Security Deposit any unpaid rent, interest and any other amount due and payable by Funan GCL and Suzhou GCL New Energy. In the event of such deduction, Funan GCL and Suzhou GCL New Energy shall make up for the deduction and restore the amount of the Security Deposit to RMB14,370,000.00 (equivalent to approximately HK\$16,716,621.00) within 15 days of notice to do so. Following the expiry of the Finance Lease, any remaining balance of the Security Deposit shall be refunded to Funan GCL. The Security Deposit shall not bear any interest during the term of the Finance Lease.

In addition, the obligations under the Finance Lease are secured by the following:

- (i) **Company Guarantee:** pursuant to the Company Guarantee, the Company has agreed to provide a guarantee to secure Funan GCL's and Suzhou GCL New Energy's obligations under the Finance Lease, including rental payments, interest and other amounts due to Beijing Finance Leasing;
- (ii) **Nanjing GCL Guarantee:** pursuant to the Nanjing GCL Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure Funan GCL's and Suzhou GCL New Energy's obligations under the Finance Lease, including rental payments, interest and other amounts due to Beijing Finance Leasing;
- (iii) **Funan Leased Assets Mortgage Agreement:** pursuant to the Funan Leased Assets Mortgage Agreement, Funan GCL has mortgaged the Leased Assets to secure all obligations under the Finance Lease, including all rental payments, interest, damages and other amounts that may be due to Beijing Finance Leasing;
- (iv) **Funan Share Pledge Agreement:** pursuant to the Funan Share Pledge Agreement, Suzhou GCL New Energy has pledged 100% of the equity interest in Funan GCL to secure all of Funan GCL's and Suzhou GCL New Energy's obligations under the Finance Lease; and
- (v) **Funan Electricity Fees Pledge Agreement:** pursuant to the Funan Electricity Fees Pledge Agreement, Funan GCL has pledged 100% of its right to electricity fees and related receivables under the electricity sales agreements relating to the Funan Project to secure all obligations under the Finance Lease, including all rental payments, damages and other amounts that may be due to Beijing Finance Leasing.

2. REASONS FOR AND BENEFITS OF THE DISCLOSEABLE TRANSACTION

The terms of the Finance Lease Agreements have been agreed after arm's length negotiation between the relevant parties. As a developer of photovoltaic power station projects, the Group requires capital from time to time to construct its power generation projects. The Finance Lease Agreements provide the Group with additional liquidity by utilising its existing investments in the Leased Assets. The Group will benefit from additional working capital which can be used to fund other business and operational activities.

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

3. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Finance Lease Agreements, in aggregate, exceeds 5% but is less than 25% for the Company, the entering into of the Finance Lease 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.

4. INFORMATION ON THE PARTIES TO THE DISCLOSEABLE TRANSACTION

Beijing Finance Leasing

Beijing Finance Leasing is a company established in the PRC with limited liability and is principally engaged in finance leasing and other leasing business.

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

The Group

The Group is principally engaged in the development, construction, operation and management of solar power stations as well as the manufacturing and selling of printed circuit boards.

5. DEFINITIONS

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

“Asset Management Agreement”	the agreement dated 12 September 2016 between Beijing Finance Leasing and Funan GCL in relation to certain asset management services to be provided by Beijing Finance Leasing to Funan GCL
“Beijing Finance Leasing”	Bank of Beijing Finance Leasing Company Limited* (北銀金融租賃有限公司), a company which is incorporated in the PRC with limited liability
“Board”	the board of the Directors
“Commencement Date”	the date on which Beijing Finance Leasing pays the consideration for the Leased Assets under the Sale and Purchase Agreement
“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

“Company Guarantee”	the agreement dated 12 September 2016 between Beijing Finance Leasing and the Company in connection with the guarantee provided by the Company to Beijing Finance Leasing in respect of Funan GCL’s and Suzhou GCL New Energy’s obligations under the Finance Lease
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Economic Consulting Services Agreement”	the agreement dated 12 September 2016 between Beijing Finance Leasing and Funan GCL in relation to certain economic consulting services to be provided by Beijing Finance Leasing to Funan GCL
“Finance Lease”	the agreement dated 12 September 2016 between Beijing Finance Leasing, Funan GCL and Suzhou GCL New Energy in relation to the leasing of the Leased Assets
“Finance Lease Agreements”	the Finance Lease, the Sale and Purchase Agreement, the Asset Management Agreement, the Economic Consulting Services Agreement, the Company Guarantee, the Nanjing GCL Guarantee, the Funan Leased Assets Mortgage Agreement, the Funan Share Pledge Agreement and the Funan Electricity Fees Pledge Agreement
“Funan Electricity Fees Pledge Agreement”	the agreement dated 12 September 2016 between Beijing Finance Leasing and Funan GCL, pursuant to which Funan GCL has pledged to Beijing Finance Leasing 100% of its right to electricity fees and related receivables under the electricity sales agreements relating to the Funan Project
“Funan GCL”	Funan GCL Solar Power Company Limited* (阜南協鑫光伏電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Funan Leased Assets Mortgage Agreement”	the agreement dated 12 September 2016 between Beijing Finance Leasing and Funan GCL, pursuant to which Funan GCL has mortgaged the Leased Assets to Beijing Finance Leasing
“Funan Project”	the 100MW photovoltaic power station projects located in Funan County, Anhui Province, the PRC
“Funan Share Pledge Agreement”	the agreement dated 12 September 2016 between Beijing Finance Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Funan GCL to Beijing Finance Leasing
“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
“Leased Assets”	certain modules and balance of system equipment, including frames, inverters, combiner boxes, transformers, cables, power distribution unit, switch gears, grounding resistors, dynamic reactive power compensation devices, secondary power equipment, security power equipment, prefabricated cabins and other photovoltaic power generation equipment to be used in the Funan Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Nanjing GCL Guarantee”	the agreement dated 12 September 2016 between Beijing Finance Leasing and Nanjing GCL New Energy in connection with the guarantee provided by Nanjing GCL New Energy to Beijing Finance Leasing in respect of Funan GCL’s and Suzhou GCL New Energy’s obligations under the Finance Lease
“Nanjing GCL New Energy”	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Sale and Purchase Agreement”	the agreement dated 12 September 2016 between Nanjing GCL New Energy as seller and Beijing Finance Leasing as purchaser in relation to the sale and purchase of the Leased Assets
“Security Deposit”	a refundable security deposit of RMB14,370,000.00 (equivalent to approximately HK\$16,716,621.00) payable by Funan GCL and Suzhou GCL New Energy under the Finance Lease Agreements
“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

“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

“%” per cent.

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.1633, being the exchange rate prevailing on 9 September 2016. 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
Zhu Yufeng
Chairman

Hong Kong, 12 September 2016

As at the date of this announcement, the executive Directors are Mr. Zhu Yufeng, Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Tong Wan Sze; the non-executive Directors are Ms. Sun Wei, Mr. Sha Hongqiu and Mr. Yeung Man Chung, Charles; and the independent non-executive Directors are Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying.