

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 WITH GCL SOLAR ENERGY, INC.

On 31 October 2016, GCL New Energy, Inc. (“**GNE US**”) (an indirect wholly-owned subsidiary of the Company) as buyer and GCL Solar Energy, Inc. (“**GCL Solar US**”) (an indirect wholly-owned subsidiary of GCL-Poly) as seller entered into the Module Sales Agreement for the supply and purchase of 37,997,105 watts of 275-watt, 280-watt, 285-watt and 290-watt photovoltaic modules (the “**Modules**”) at a consideration of US\$9,499,276.00 (equivalent to approximately HK\$73,666,885.38). The Modules are intended to be used by GNE US for the development of certain photovoltaic electric generation facilities in Wilson County, North Carolina, the U.S. (the “**Projects**”).

GCL Solar US is an indirect wholly-owned subsidiary of GCL-Poly, a substantial shareholder of the Company. GCL Solar US is therefore a connected person of the Company under the Listing Rules. The entering into of the Module Sales Agreement by GNE US and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As disclosed in the Company’s announcements dated 22 August 2014 and 19 May 2016 respectively, the Group also entered into the following agreements with parties who are indirect subsidiaries of GCL-Poly:

- (1) the Existing Operation Service Agreement with Suzhou GCL-Poly (an indirect wholly-owned subsidiary of GCL-Poly), pursuant to which the Group provides certain operation and management services for Suzhou GCL-Poly; and
- (2) the Existing Asset Management and Administrative Services Agreement with GCL Solar Energy (an indirect wholly-owned subsidiary of GCL-Poly), pursuant to which the Group provides certain asset management and administrative services to GCL Solar Energy,

(together, the “**Existing Agreements**”).

As the Existing Agreements and the Module Sales Agreement are entered into with parties who are indirect subsidiaries of GCL-Poly, the Existing Agreements and the Module Sales Agreement shall be aggregated under Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Module Sales Agreement and the aggregate annual cap under the Existing Agreements (in aggregate) is more than 0.1% but less than 5%, the entering into of the Module Sales Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

1. CONNECTED TRANSACTION WITH GCL SOLAR US

A. Principal terms of the Module Sales Agreement

(i) Date

31 October 2016

(ii) Parties

Buyer: GNE US

Seller: GCL Solar US

(iii) Subject matter

GNE US as buyer agreed to purchase, and GCL Solar US agreed to sell the Modules at a consideration of US\$9,499,276.00 (equivalent to approximately HK\$73,666,885.38) reflecting a price of US\$0.25 (equivalent to approximately HK\$1.94) per watt. The Modules are intended to be used by GNE US for the development of the Projects. The Modules were originally acquired by GCL Solar US for approximately US\$34,950,000.00 (equivalent to approximately HK\$271,037,250.00), and the current book value of the Modules is approximately US\$9,500,000.00 (equivalent to approximately HK\$73,672,500.00).

(iv) Basis of consideration

The Module Sales Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration was calculated on the basis of the market price of similar products, the age of the Modules and the tested performance output.

(v) Payment terms

The consideration for the Modules shall be paid by GNE US to GCL Solar US in one lump sum on the date that is 12 months following the commercial operation date of the last Project being completed. The payment of US\$0.05 (equivalent to approximately HK\$0.39) per watt of the US\$0.25 price is contingent upon the satisfactory first year performance of the Modules in accordance with a module testing protocol to be agreed between the parties.

B. Principal terms of the Existing Agreements

Please refer to the Company's announcements dated 22 August 2014 and 19 May 2016 respectively for the principal terms of the Existing Agreements.

2. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

As a developer of photovoltaic power station projects, the Group has to source equipment, such as solar modules. As a result, the Group negotiated with GCL Solar US for the purchase of photovoltaic modules for the Projects. The Company understands that GCL Solar US elected to purchase the Modules during 2011 to avail itself of a favourable tax incentive monetisation program (the "**1603 Cash Grant Program**") offered by the United States Department of Treasury pursuant to the American Reinvestment and Recovery Act of 2008. Under the 1603 Cash Grant Program, the Modules were qualified to permit GCL Solar US to construct solar projects up through 31 December 2016 and immediately monetise the value of the investment tax credit. Due to changed circumstances, GCL Solar US is unable to economically deploy the Modules prior to 31 December 2016, the expiration of the 1603 Cash Grant Program. Thus, GCL Solar US elected to sell the Modules. The Directors believe that the Modules are of a quality standard that meets the expectations of the Group and the pricing of the Modules will improve the overall return of the Projects. The Group has also engaged independent engineers to test the Modules and the Directors are satisfied with the tested performance.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) consider that the terms of the Module Sales Agreement are on normal commercial terms and entered into in the ordinary and usual course of business of the Company, and the terms of the Module Sales Agreement are fair, reasonable and reflect the market value of the Modules. Thus, the transaction under the Module Sales Agreement is in the interests of the Company and the Shareholders as a whole.

3. LISTING RULES IMPLICATIONS

GCL Solar US is an indirect wholly-owned subsidiary of GCL-Poly, a substantial shareholder of the Company. GCL Solar US is therefore a connected person of the Company under the Listing Rules. The entering into of the Module Sales Agreement by GNE US and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Existing Agreements and the Module Sales Agreement are entered into with parties who are indirect subsidiaries of GCL-Poly, the Existing Agreements and the Module Sales Agreement shall be aggregated under Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Module Sales Agreement and the aggregate annual cap under the Existing Agreements (in aggregate) is more than 0.1% but less than 5%, the entering into of the Module Sales Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

As Mr. Zhu Yufeng, Ms. Sun Wei and Mr. Yeung Man Chung, Charles are directors of GCL-Poly and Ms. Hu Xiaoyan and Mr. Sha Hongqiu are executives of GCL-Poly, they have a material interest in the connected transaction under the Module Sales Agreement. Accordingly, each of Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Ms. Hu Xiaoyan and Mr. Sha Hongqiu abstained from voting on the resolutions of the Board to approve the connected transaction under the Module Sales Agreement.

4. INFORMATION ON THE PARTIES TO THE CONNECTED TRANSACTION

GCL Solar US

GCL Solar US, a corporation established under the laws of California, U.S. and an indirect wholly-owned subsidiary of GCL-Poly, a substantial shareholder of the Company. GCL Solar US's principal business is the development, ownership and operation of photovoltaic solar facilities in the U.S..

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:

“Board”	the board of the Directors
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“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
“Director(s)”	director(s) of the Company
“Existing Agreements”	collectively, the Existing Asset Management and Administrative Services Agreement and the Existing Operation Service Agreement
“Existing Asset Management and Administrative Services Agreement”	the asset management and administrative services agreement dated 19 May 2016 between GCL New Energy International Limited (an indirect wholly-owned subsidiary of the Company) and GCL Solar Energy (an indirect wholly-owned subsidiary of GCL-Poly) in relation to certain asset management and administrative services to be provided by GCL New Energy International Limited to GCL Solar Energy

“Existing Operation Service Agreement”	the operation service agreement dated 22 August 2014 between Nanjing GCL New Energy Development Co., Ltd. (南京協鑫新能源發展有限公司) (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly (an indirect wholly-owned subsidiary of GCL-Poly)
“GCL-Poly”	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800
“GCL Solar Energy”	GCL Solar Energy Limited, a company incorporated in Hong Kong with limited liability
“GCL Solar US”	GCL Solar Energy, Inc., a corporation established under the laws of California, U.S. and an indirect wholly-owned subsidiary of GCL-Poly
“GNE US”	GCL New Energy, Inc., a corporation established under the laws of Delaware, U.S. and an indirect wholly-owned subsidiary of the Company
“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 dated 31 October 2016 between GNE US as buyer and GCL Solar US as seller in relation to the supply and purchase of the Modules
“Modules”	37,997,105 watts of 275-watt, 280-watt, 285-watt and 290-watt photovoltaic modules
“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
“Project(s)”	the development of certain photovoltaic electric generation facilities in Wilson County, North Carolina, the U.S.
“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-Poly”	Suzhou GCL-Poly Solar Energy Investment Ltd.* (蘇州保利協鑫光伏電力投資有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of GCL-Poly
“U.S.”	United States of America
“US\$”	U.S. dollars, the lawful currency of the U.S.
“%”	per cent.

This announcement contains translations between US\$ and Hong Kong dollar amounts at US\$1 = HK\$7.7550, being the exchange rate prevailing on 31 October 2016. The translations should not be taken as a representation that US\$ 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
Zhu Yufeng
Chairman

Hong Kong, 31 October 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.