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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)**

### **MAJOR TRANSACTION WITH XI'AN DATANG ELECTRIC POWER DESIGN AND RESEARCH INSTITUTE CO., LTD.\* (西安大唐電力設計研究院有限公司)**

#### **TRANSACTION WITH XI'AN DATANG ELECTRIC**

On 28 April 2017, the Company, through its subsidiaries, entered into the following agreements with Xi'an Datang Electric:

- (1) the Huarong EPC Agreement between Huarong GCL New Energy (an indirect wholly-owned subsidiary of the Company) as principal and Xi'an Datang Electric as contractor in relation to the Huarong Project at an estimated consideration of RMB614,885,158.70 (equivalent to approximately HK\$694,143,855.66);
- (2) the Huarong GNE Guarantee between the Company and Xi'an Datang Electric in connection with the guarantee provided by the Company to Xi'an Datang Electric in respect of Huarong GCL New Energy's obligations under the Huarong EPC Agreement;
- (3) the Huarong EPC Supplemental Agreement between Suzhou GCL New Energy (an indirect wholly-owned subsidiary of the Company) and Huarong GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy and Huarong GCL New Energy agreed to undertake Huarong GCL New Energy's obligations and liabilities under the Huarong EPC Agreement;

- (4) the Huarong Equipment Purchase Agreement between Xi'an Datang Electric as customer and Nanjing GCL New Energy (an indirect wholly-owned subsidiary of the Company) as supplier and Huarong GCL New Energy as principal in relation to the sale and purchase of certain system equipment for Huarong Project at a consideration of RMB512,013,185.60 (equivalent to approximately HK\$578,011,685.22);
- (5) the Henan Sanmenxia EPC Agreement between Sanmenxia GCL New Energy (an indirect wholly-owned subsidiary of the Company) as principal and Xi'an Datang Electric as contractor in relation to the Henan Sanmenxia Project at an estimated consideration of RMB269,253,610.00 (equivalent to approximately HK\$303,960,400.33);
- (6) the Henan Sanmenxia GNE Guarantee between the Company and Xi'an Datang Electric in connection with the guarantee provided by the Company to Xi'an Datang Electric in respect of Sanmenxia GCL New Energy's obligations under the Henan Sanmenxia EPC Agreement;
- (7) the Henan Sanmenxia EPC Supplemental Agreement between Suzhou GCL New Energy and Sanmenxia GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy and Sanmenxia GCL New Energy agreed to undertake Sanmenxia GCL New Energy's obligations and liabilities under the Henan Sanmenxia EPC Agreement; and
- (8) the Henan Sanmenxia Equipment Purchase Agreement between Xi'an Datang Electric as customer and Nanjing GCL New Energy as supplier and Sanmenxia GCL New Energy as principal in relation to the sale and purchase of certain system equipment for Henan Sanmenxia Project at a consideration of RMB228,908,910.77 (equivalent to approximately HK\$258,415,269.37),

(together, the “**EPC and Equipment Purchase Agreements**”).

In addition, the Company, through its subsidiaries, previously entered into the following agreements with Xi'an Datang Electric:

- (9) the Previous Lianshui EPC Agreement dated 30 December 2016 between Lianshui GCL New Energy (an indirect wholly-owned subsidiary of the Company) as principal and Xi'an Datang Electric as contractor in relation to the Previous Lianshui Project at an estimated consideration of RMB102,291,232.00 (equivalent to approximately HK\$115,476,571.80);
- (10) the Previous Lianshui EPC Supplemental Agreement dated 30 December 2016 between Suzhou GCL New Energy and Lianshui GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy and Lianshui GCL New Energy agreed to undertake Lianshui GCL New Energy's obligations and liabilities under the Previous Lianshui EPC Agreement; and

(11) the Previous Lianshui Equipment Purchase Agreement dated 17 January 2017 between Xi'an Datang Electric as customer and Nanjing GCL New Energy as supplier and Lianshui GCL New Energy as principal in relation to the sale and purchase of certain system equipment for the Previous Lianshui Project at a consideration of RMB87,051,363.05 (equivalent to approximately HK\$98,272,283.75),

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

## **LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratios in respect of the Previous Agreements (in aggregate) exceeded 5% for the Company, the entering into of the Previous Agreements did not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Agreements were entered into with Xi'an Datang Electric within a 12-month period prior to and inclusive of the date of the EPC and Equipment Purchase Agreements, the EPC and Equipment Purchase Agreements and the Previous Agreements will be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC and Equipment Purchase Agreements and the Previous Agreements (in aggregate) exceeds 25% but is less than 100% for the Company, the entering into of the EPC and Equipment Purchase Agreements and the Previous Agreements (in aggregate) constitutes a major transaction of the Company and the Company shall comply with the reporting and announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Wuxi Guolian indirectly holds approximately 24.81% shareholding interests in Konca Solar (a subsidiary of GCL-Poly), Wuxi Guolian is a connected person of GCL-Poly at the subsidiary level (but not a connected person of the Company). In addition, Wuxi Guolian effectively holds approximately 42.6% of shareholding interests in Xi'an Datang Electric, Xi'an Datang Electric is therefore an associate of a connected person of GCL-Poly at the subsidiary level (but not a connected person of the Company). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, saved as disclosed above, Xi'an Datang Electric and each of its ultimate beneficial owners are third parties independent of the Company and each of its connected person.

## **GENERAL**

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval is required for a major transaction. As disclosed above, Xi'an Datang Electric is a connected person at the subsidiary level of GCL-Poly. As Elite Time Global (a wholly-owned subsidiary of GCL-Poly which as at the date of this announcement, holds 11,880,000,000 Shares, representing approximately 62.28% of the issued share capital of the Company) will abstain from voting on the resolutions to approve

the transaction with Xi'an Datang Electric, the SGM will be convened and held to approve the major transaction with Xi'an Datang Electric. The Company will dispatch a circular containing further details of the major transaction with Xi'an Datang Electric together with the notice of the SGM to the Shareholders on or before 23 May 2017.

## **1. EPC AND EQUIPMENT PURCHASE AGREEMENTS**

### **A. Principal terms of the Huarong EPC Agreement**

#### **(i) Date**

28 April 2017

#### **(ii) Parties**

(i) Principal: Huarong GCL New Energy

(ii) Contractor: Xi'an Datang Electric

#### **(iii) Subject Matter**

Huarong GCL New Energy agreed to engage Xi'an Datang Electric to provide engineering, procurement and construction services in relation to the Huarong Project. The relevant construction work will commence pursuant to the notice of commencement given by Huarong GCL New Energy. It is expected that full-on-grid connection for Huarong Project will be completed on 30 June 2017. By 30 July 2017, all EPC work will be completed and the Test Run and Quality Check Certificate\* (工程試運和移交生產驗收鑒定書) will be obtained after the test run. The Construction Completion Certificate\* (工程竣工驗收鑒定書) will be obtained within three months after the issuance of the Test Run and Quality Check Certificate.

#### **(iv) Basis of Consideration**

The consideration for the solar power station equipment and services under the Huarong EPC Agreement is estimated to be RMB614,885,158.70 (equivalent to approximately HK\$694,143,855.66), comprising of:

(a) the solar power station equipment fee for the estimated amount of RMB528,716,546.70 (equivalent to approximately HK\$596,868,109.57); and

- (b) the services and other construction materials relating to the Huarong Project for the estimated amount of RMB86,168,612.00 (equivalent to approximately HK\$97,275,746.09).

The final consideration may be adjusted if (a) Huarong GCL New Energy has changed the capacity of the power station which results in a change in quantity of construction work; (b) the number of pipe piles required differs from the number stated in the tender documents; or (c) there are substantial adjustments between the construction plan and the tender documents which results in a cumulative amount equal to or above RMB500,000.00 (equivalent to approximately HK\$564,450.00).

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

(v) ***Payment terms***

The consideration for the solar power station equipment and services under the Huarong EPC Agreement shall be paid by Huarong GCL New Energy to Xi'an Datang Electric in accordance with the following milestones:

*Payment terms for the solar power station equipment*

First instalment	10% of the estimated equipment fees shall be paid by Huarong GCL New Energy to Xi'an Datang Electric as prepayment immediately after the signing of the Huarong EPC Agreement
Subsequent instalments	Upon the payment of each equipment fee instalment by Xi'an Datang Electric in accordance with the Huarong Equipment Purchase Agreement, Huarong GCL New Energy shall pay 100% of the equipment procurement fees for each instalment upon the earlier of (i) eight months after the payment of each instalment by Xi'an Datang Electric under the Huarong Equipment Purchase Agreement or (ii) the date on which the solar power station equipment is pledged and/or mortgaged and the bank releases the loan funds for the Huarong Project

*Payment terms for the services and other construction materials relating to the Huarong Project*

First instalment	10% of the estimated services fees shall be paid by Huarong GCL New Energy to Xi'an Datang Electric as prepayment immediately after signing of the Huarong EPC Agreement
Second instalment	Huarong GCL New Energy shall pay to Xi'an Datang Electric:  (a) 65% of the estimated services fees upon the earlier of (i) 60 days from the date on which 90% capacity of the on-grid power connection facilities for Huarong Project are in place or (ii) within seven days from the date of reaching 90% capacity on-grid power connection for Huarong Project; or  (b) 75% of the estimated services fees if the facilities for the full capacity on-grid power connection for the Huarong Project are partially in place, but the remaining facilities are incomplete due to problems with the land provided by Huarong GCL New Energy
Third instalment	Depending on the amount paid in the second instalment, 10% or 20% of the estimated services fees shall be paid by Huarong GCL New Energy to Xi'an Datang Electric once all the construction work is completed, the solar power station has been handed over after inspection and all accounts have been settled
Fourth instalment	5% of the estimated service fees shall be paid by Huarong GCL New Energy to Xi'an Datang Electric after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Xi'an Datang Electric

**(vi) Guarantee**

Pursuant to the Huarong GNE Guarantee, the Company has agreed to provide a guarantee for RMB614,885,158.70 (equivalent to approximately HK\$694,143,855.66), being the total contract price, as well as for damages, legal fees, administrative fees and other amounts due to Xi'an Datang Electric in respect of Huarong GCL New Energy's obligations under the Huarong EPC Agreement.

**(vii) Huarong EPC Supplemental Agreement**

Pursuant to the Huarong EPC Supplemental Agreement, Suzhou GCL New Energy and Huarong GCL New Energy will act as joint principals and agreed to engage Xi'an Datang Electric as contractor to provide engineering, procurement and construction services in relation to the Huarong Project. Suzhou GCL New Energy and Huarong GCL New Energy agreed to undertake the relevant obligations and liabilities under the Huarong EPC Agreement.

Furthermore, Suzhou GCL New Energy and Huarong GCL New Energy, as joint principals, undertake that:

- (a) if a bank loan has been obtained using the Huarong Project and the income generated from the Huarong Project as security, the joint principals shall immediately transfer the loan payments to Xi'an Datang Electric as payment of the consideration under the Huarong EPC Agreement; and
- (b) if within three months after the completion date of the Huarong Project the joint principals are unable to obtain a sufficient bank loan and to pay for the total consideration under the Huarong EPC Agreement, the joint principals agreed to enter into a pledge agreement with Xi'an Datang Electric to pledge Huarong GCL New Energy's equity interest, income arising from the photovoltaic power station and all assets relating to the photovoltaic power stations, and the joint principals shall complete the relevant registration within one month.

**B. Principal terms of the Huarong Equipment Purchase Agreement**

**(i) Date**

28 April 2017

**(ii) Parties**

Principal: Huarong GCL New Energy

Supplier: Nanjing GCL New Energy

Customer: Xi'an Datang Electric

**(iii) Subject Matter**

Nanjing GCL New Energy agreed to supply, and Xi'an Datang Electric agreed to purchase certain solar power station equipment for a consideration of RMB512,013,185.60 (equivalent to approximately HK\$578,011,685.22) for the Huarong Project. The equipment purchased included solar modules, frames, string converters, voltage converter and cables.

**(iv) Basis of consideration**

The Huarong Equipment Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration is calculated on the basis of the market price of similar products.

**(v) Payment terms**

The consideration for the solar modules under the Huarong Equipment Purchase Agreement shall be paid by Xi'an Datang Electric to Nanjing GCL New Energy in accordance with the following milestones:

First instalment	40% of the total consideration shall be paid by Xi'an Datang Electric to Nanjing GCL New Energy within two weeks from the date on which Xi'an Datang Electric receives the prepayment of the solar power station equipment from Huarong GCL New Energy under the Huarong EPC Agreement
Second instalment	30% of the total consideration within six weeks after signing of the Huarong Equipment Purchase Agreement
Third instalment	30% of the total consideration within ten weeks after signing of the Huarong Equipment Purchase Agreement.

**C. Principal terms of the Henan Sanmenxia EPC Agreement**

**(i) Date**

28 April 2017



**(ii) Parties**

(i) Principal: Sanmenxia GCL New Energy

(ii) Contractor: Xi'an Datang Electric

**(iii) Subject Matter**

Sanmenxia GCL New Energy agreed to engage Xi'an Datang Electric as contractor to provide engineering, procurement and construction services in relation to the Henan Sanmenxia Project. The relevant construction work will commence pursuant to the notice of commencement given by Sanmenxia GCL New Energy. It is expected that full-on-grid connection for Henan Sanmenxia Project will be completed on 30 June 2017. By 30 July 2017, all EPC work will be completed and the Test Run and Quality Check Certificate\* (工程試運和移交生產驗收鑒定書) will be obtained after the test run. The Construction Completion Certificate\* (工程竣工驗收鑒定書) will be obtained within three months after the issuance of the Test Run and Quality Check Certificate.

**(iv) Basis of Consideration**

The consideration for the solar power station equipment and services under the Henan Sanmenxia EPC Agreement is estimated to be RMB269,253,610.00 (equivalent to approximately HK\$303,960,400.33), comprising of:

- (a) the solar power station equipment fee for the estimated amount of RMB236,376,586.00 (equivalent to approximately HK\$266,845,527.94); and
- (b) the services relating to the Henan Sanmenxia Project for the estimated amount of RMB32,877,024.00 (equivalent to approximately HK\$37,114,872.39).

The final consideration may be adjusted if (a) Sanmenxia GCL New Energy has changed the capacity of the power station which results in a quantity change of construction work; (b) the number of pipe piles required differs from the number stated in the tender documents; (c) there are substantial adjustments between the construction plan and the tender documents which results in a cumulative amount equal or above to RMB500,000.00 (equivalent to approximately HK\$564,450.00); or (d) the price of the pipe piles purchased differs from the estimated price of the pipe piles.

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

(v) *Payment terms*

The consideration for the solar power station equipment and services under the Henan Sanmenxia EPC Agreement shall be paid by Sanmenxia GCL New Energy to Xi'an Datang Electric in accordance with the following milestones:

*Payment terms for the solar power station equipment*

First instalment	10% of the estimated equipment fees shall be paid by Sanmenxia GCL New Energy to Xi'an Datang Electric as prepayment immediately after the signing of the Henan Sanmenxia EPC Agreement
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Subsequent instalments	Upon the payment of each equipment fee instalment by Xi'an Datang Electric in accordance with the Henan Sanmenxia Equipment Purchase Agreement, Sanmenxia GCL New Energy shall pay 100% of the equipment procurement fees for each instalment upon the earlier of (i) eight months after the payment of each instalment by Xi'an Datang Electric under the Henan Sanmenxia Equipment Purchase Agreement or (ii) the date on which the solar power station equipment is pledged and/or mortgaged and the bank releases the loan funds for the Henan Sanmenxia Project
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*Payment terms for the services and other construction materials relating to the Henan Sanmenxia Project*

First instalment	10% of the estimated services fees shall be paid by Sanmenxia GCL New Energy to Xi'an Datang Electric as prepayment immediately after signing of the Henan Sanmenxia EPC Agreement
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Second instalment	Sanmenxia GCL New Energy shall pay to Xi'an Datang Electric:
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construction services in relation to the Henan Sanmenxia Project. Suzhou GCL New Energy and Sanmenxia GCL New Energy, as joint principals, agreed to undertake the relevant obligations and liabilities under the Henan Sanmenxia EPC Agreement.

Furthermore, Suzhou GCL New Energy and Sanmenxia GCL New Energy, as joint principals, undertake that:

- (a) if a bank loan has been obtained using the Henan Sanmenxia Project and the income generated from the Henan Sanmenxia Project as security, the joint principals shall immediately transfer the loan payment to Xi'an Datang Electric as payment of the consideration under the Henan Sanmenxia EPC Agreement; and
- (b) if within three months after the completion date of the Henan Sanmenxia Project the joint principals are unable to obtain a sufficient bank loan and to pay for the total consideration under the Henan Sanmenxia EPC Agreement, the joint principals agreed to enter into a pledge agreement with Xi'an Datang Electric to pledge Sanmenxia GCL New Energy's equity interest, income arising from the photovoltaic power station and all assets relating the photovoltaic power stations, and the joint principals shall complete the relevant registration within one month.

#### **D. Principal terms of the Henan Sanmenxia Equipment Purchase Agreement**

**(i) Date**

28 April 2017

**(ii) Parties**

Principal: Sanmenxia GCL New Energy

Supplier: Nanjing GCL New Energy

Customer: Xi'an Datang Electric

**(iii) Subject Matter**

Nanjing GCL New Energy agreed to supply, and Xi'an Datang Electric agreed to purchase certain solar power station equipment for a consideration of RMB228,908,910.77 (equivalent to approximately HK\$258,415,269.37) for the Henan Sanmenxia Project. The equipment purchased included solar modules, frames, string converters, voltage converter and cables.

***(iv) Basis of consideration***

The Henan Sanmenxia Equipment Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration is calculated on the basis of the market price of similar products.

***(v) Payment terms***

The consideration for the solar modules under the Henan Sanmenxia Equipment Purchase Agreement shall be paid by Xi'an Datang Electric to Nanjing GCL New Energy in accordance with the following milestones:

First instalment	40% of the total consideration shall be paid by Xi'an Datang Electric to Nanjing GCL New Energy within two weeks from the date on which Xi'an Datang Electric receives the prepayment of the solar power station equipment from Sanmenxia GCL New Energy under the Henan Sanmenxia EPC Agreement
Second instalment	30% of the total consideration within six weeks after signing of the Henan Sanmenxia Equipment Purchase Agreement
Third instalment	30% of the total consideration within ten weeks after signing of the Henan Sanmenxia Equipment Purchase Agreement.

**2. THE PREVIOUS AGREEMENTS**

**A. Principal terms of the Previous Lianshui EPC Agreement**

***(i) Date***

30 December 2016

***(ii) Parties***

(i) Principal: Lianshui GCL New Energy

(ii) Contractor: Xi'an Datang Electric

**(iii) Subject Matter**

Lianshui GCL New Energy agreed to engage Xi'an Datang Electric as contractor to provide engineering, procurement and construction services in relation to the Previous Lianshui Project. The relevant construction work commenced pursuant to the notice of commencement given by Lianshui GCL New Energy. It was expected that full-on-grid connection for Previous Lianshui Project will be completed on 31 December 2016. It was expected that by 31 January 2017, all EPC work will be completed and the Test Run and Quality Check Certificate\* (工程試運和移交生產驗收鑒定書) will be obtained after the test run. The Construction Completion Certificate\* (工程竣工驗收鑒定書) will be obtained within three months after the issuance of the Test Run and Quality Check Certificate.

**(iv) Basis of Consideration**

The consideration for the solar power station equipment and services under the Previous Lianshui EPC Agreement is estimated to be RMB102,291,232.00 (equivalent to approximately HK\$115,476,571.80), comprising of:

- (a) the solar power station equipment fee for the estimated amount of RMB89,891,232.00 (equivalent to approximately HK\$101,478,211.80); and
- (b) the services and other construction materials relating to the Previous Lianshui Project for the estimated amount of RMB12,400,000.00 (equivalent to approximately HK\$13,998,360.00).

The final consideration may be adjusted if (a) Lianshui GCL New Energy has changed the capacity of the power station which results in a quantity change of construction work; (b) the number of pipe piles required differs from the number in the tender documents; or (c) there are substantial adjustments between the construction plan and the tender documents which results in a cumulative amount equal or above to RMB500,000.00 (equivalent to approximately HK\$564,450.00).

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

**(v) Payment terms**

The consideration for the solar power station equipment and services under the Previous Lianshui EPC Agreement shall be paid by Lianshui GCL New Energy to Xi'an Datang Electric in accordance with the following milestones:

*Payment terms for the solar power station equipment*

First instalment	10% of the estimated equipment fees shall be paid by Lianshui GCL New Energy to Xi'an Datang Electric as prepayment immediately after the signing of the Previous Lianshui EPC Agreement
Subsequent instalments	Upon the payment of each equipment fee instalment by Xi'an Datang Electric in accordance with the Previous Lianshui Equipment Purchase Agreement, Lianshui GCL New Energy shall pay 100% of the equipment procurement fees for each instalment upon the earlier of (i) eight months after the payment of each instalment by Xi'an Datang Electric under the Previous Lianshui Equipment Purchase Agreement or (ii) the date on which the solar power station equipment is pledged and/or mortgaged and the bank releases the loan funds for the Previous Lianshui Project

*Payment terms for the services and other construction materials relating to the Previous Lianshui Project*

First instalment	10% of the estimated services fees shall be paid by Lianshui GCL New Energy to Xi'an Datang Electric as prepayment immediately after signing of the Previous Lianshui EPC Agreement
Second instalment	Lianshui GCL New Energy shall pay to Xi'an Datang Electric: <ul style="list-style-type: none"><li>(a) 65% of the estimated services fees upon the earlier of (i) 60 days from the date on which 90% capacity of the on-grid power connection facilities for Previous Lianshui Project are in place or (ii) within seven days from the date of reaching 90% capacity on-grid power connection for Previous Lianshui Project; or</li><li>(b) 75% of the estimated services fees if the facilities for the full capacity on-grid power connection for the Previous Lianshui Project are partially in</li></ul>

place, but the remaining facilities are incomplete due to problems with the land provided by Lianshui GCL New Energy

Third instalment	Depending on the amount paid in the second instalment, 10% or 20% of the estimated services fees shall be paid by Lianshui GCL New Energy to Xi'an Datang Electric once all the construction work is completed, the solar power station has been handed over after inspection and all accounts have been settled
Fourth instalment	5% of the estimated service fees shall be paid by Lianshui GCL New Energy to Xi'an Datang Electric after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Xi'an Datang Electric

***(vi) Previous Lianshui EPC Supplemental Agreement***

Pursuant to the Previous Lianshui EPC Supplemental Agreement, Suzhou GCL New Energy and Lianshui GCL New Energy will act as joint principals and agreed to engage Xi'an Datang Electric as contractor to provide engineering, procurement and construction services in relation to the Previous Lianshui Project. Suzhou GCL New Energy and Lianshui GCL New Energy, as joint principals, agreed to undertake the relevant obligations and liabilities under the Previous Lianshui EPC Agreement.

Furthermore, Suzhou GCL New Energy and Lianshui GCL New Energy, as joint principals, undertake that:

- (a) if a bank loan has been obtained using the Previous Lianshui Project and the income generated from the Previous Lianshui Project as security, the joint principals will immediately transfer the loan payments to Xi'an Datang Electric as payment of the consideration under the Previous Lianshui EPC Agreement; and
- (b) prior to the effective date of such loan agreement, the joint principals will pledge all income and receivables arising from the Previous Lianshui Project in respect of the joint principals' obligation to repay Xi'an Datang Electric the consideration under the Previous Lianshui EPC Agreement.



## **B. Principal terms of the Previous Lianshui Equipment Purchase Agreement**

### **(i) Date**

17 January 2017

### **(ii) Parties**

Principal: Lianshui GCL New Energy

Supplier: Nanjing GCL New Energy

Customer: Xi'an Datang Electric

### **(iii) Subject Matter**

Nanjing GCL New Energy agreed to supply, and Xi'an Datang Electric agreed to purchase certain solar power station equipment for a consideration of RMB87,051,363.05 (equivalent to approximately HK\$98,272,283.75) for the Previous Lianshui Project. The equipment purchased included solar modules, frames, voltage converter, cables and fire alarm system.

### **(iv) Basis of consideration**

The Previous Lianshui Equipment Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration is calculated on the basis of the market price of similar products.

### **(v) Payment terms**

The total consideration for the solar modules under the Previous Lianshui Equipment Purchase Agreement shall be paid by Xi'an Datang Electric to Nanjing GCL New Energy within two working days from the date on which Xi'an Datang Electric receives the prepayment of the solar power station equipment from Lianshui GCL New Energy under the Previous Lianshui EPC Agreement.

## **3. REASONS FOR AND BENEFITS OF THE TRANSACTION**

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. Xi'an Datang Electric 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.

Under the Huarong Equipment Purchase Agreement, Henan Sanmenxia Equipment Purchase Agreement and Previous Lianshui Equipment Purchase Agreement (together, the “**Equipment Purchase Agreements**”), Nanjing GCL New Energy sells certain solar power station equipment (the “**Solar Power Station Equipment**”) to Xi’an Datang Electric. Nanjing GCL New Energy purchases the Solar Power Station Equipment from its suppliers under the relevant supply agreements (the “**Supply Agreements**”) on different payment terms than those under the Equipment Purchase Agreements. Under the Supply Agreements, payment by Nanjing GCL New Energy is by instalments over a one year period following signing of the relevant Supply Agreements; whereas under the Equipment Purchase Agreements, Nanjing GCL New Energy receives full consideration from Xi’an Datang Electric within 10 weeks of signing of the relevant Equipment Purchase Agreements at the latest.

The Group will therefore be able to benefit from short term use of the sales proceeds under the Equipment Purchase Agreements (the “**Sales Proceeds**”) prior to paying its suppliers under the Supply Agreements. Approximately 10% of the Sales Proceeds will be used as deposits to Xi’an Datang Electric under the Huarong EPC Agreement, the Henan Sanmenxia EPC Agreement and the Previous Lianshui EPC Agreement; approximately 30% of the Sales Proceeds will be used to pay the suppliers for the Solar Power Station Equipment under the Supply Agreements; and approximately 60% of the Sales Proceeds will be used for other projects of the Group.

Under the Huarong EPC Agreement, the Henan Sanmenxia EPC Agreement and the Previous Lianshui EPC Agreement, Xi’an Datang Electric sells back the Solar Power Station Equipment to the Group at a premium of approximately 3.26% of the consideration payable under the Huarong Equipment Purchase Agreement, Henan Sanmenxia Equipment Purchase Agreement and Previous Lianshui Equipment Purchase Agreement respectively. The Directors consider the premium (which is equivalent to an interest rate of approximately 4.57% per annum) is better than the prevailing market rate available to the Group.

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

#### **4. LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratios in respect of the Previous Agreements (in aggregate) exceeded 5% for the Company, the entering into of the Previous Agreements did not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Agreements were entered into with Xi’an Datang Electric within a 12-month period prior to and inclusive of the date of the EPC and Equipment Purchase Agreements, the EPC and Equipment Purchase Agreements and the Previous Agreements will be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC and Equipment Purchase Agreements and the Previous Agreements (in aggregate) exceeds 25% but is less than 100% for the Company, the entering into of the EPC and Equipment Purchase Agreements and the Previous Agreements (in aggregate) constitutes a major transaction of the Company and the Company shall comply with the reporting and announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Wuxi Guolian indirectly holds approximately 24.81% shareholding interests in Konca Solar (a subsidiary of GCL-Poly), Wuxi Guolian is a connected person of GCL-Poly at the subsidiary level (but not a connected person of the Company). In addition, Wuxi Guolian effectively holds approximately 42.6% of shareholding interests in Xi'an Datang Electric, Xi'an Datang Electric is therefore an associate of a connected person of GCL-Poly at the subsidiary level (but not a connected person of the Company). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, saved as disclosed above, Xi'an Datang Electric and each of its ultimate beneficial owners are third parties independent of the Company and each of its connected person.

## **5. GENERAL**

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval is required for a major transaction. As disclosed above, Xi'an Datang Electric is a connected person at the subsidiary level of GCL-Poly. As Elite Time Global (a wholly-owned subsidiary of GCL-Poly which as at the date of this announcement, holds 11,880,000,000 Shares, representing approximately 62.28% of the issued share capital of the Company) will abstain from voting on the resolutions to approve the transaction with Xi'an Datang Electric, the SGM will be convened and held to approve the major transaction with Xi'an Datang Electric. The Company will dispatch a circular containing further details of the major transaction with Xi'an Datang Electric together with the notice of the SGM to the Shareholders on or before 23 May 2017.

## **6. INFORMATION ON THE PARTIES TO THE EPC AND EQUIPMENT PURCHASE AGREEMENTS AND THE PREVIOUS AGREEMENTS AND THE GCL-POLY GROUP**

### **Xi'an Datang Electric**

Xi'an Datang Electric was established in 1991. It is an established EPC contractor and principally engaged in the provision of sub-contracting services in relation to new energy projects such as procurement and sale of equipment and materials, installation and testing of equipment, design, construction and technical consultancy.

### **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.

## The GCL-Poly Group

GCL-Poly is an investment company and its subsidiaries are principally engaged in the manufacturing of polysilicon and wafers for the solar industry as well as the development, management and operation of environmentally friendly power plants. As at the date of this announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company.

### 7. DEFINITIONS

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

“Board”	the board of the Directors of the Company
“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”	director(s) of the Company
“Elite Time Global”	Elite Time Global Limited, a company incorporated in British Virgin Islands with limited liability, a wholly-owned subsidiary of GCL-Poly which, as at the date of this announcement, holds 11,880,000,000 Shares representing approximately 62.28% of the issued share capital of the Company
“EPC”	engineering, procurement and construction
“EPC and Equipment Purchase Agreements”	together, (i) the Huarong EPC Agreement, (ii) the Huarong EPC Supplemental Agreement, (iii) the Huarong Equipment Purchase Agreement, (iv) the Huarong GNE Guarantee, (v) the Henan Sanmenxia EPC Agreement, (vi) the Henan Sanmenxia EPC Supplemental Agreement, (vii) the Henan Sanmenxia Equipment Purchase Agreement, and (viii) the Henan Sanmenxia GNE Guarantee

“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-Poly Group”	GCL-Poly and its subsidiaries
“Group”	the Company and its subsidiaries
“Henan Sanmenxia EPC Agreement”	the EPC agreement dated 28 April 2017 entered into between Sanmenxia GCL New Energy as principal and Xi’an Datang Electric as contractor under which Xi’an Datang Electric undertakes to provide engineering, procurement and construction services in relation to the Henan Sanmenxia Project
“Henan Sanmenxia EPC Supplemental Agreement”	the EPC supplemental agreement dated 28 April 2017 entered into between Suzhou GCL New Energy and Sanmenxia GCL New Energy as joint principals and Xi’an Datang Electric as contractor in relation to the Henan Sanmenxia Project
“Henan Sanmenxia Equipment Purchase Agreement”	the equipment purchase agreement dated 28 April 2017 entered into between Xi’an Datang Electric as customer and Nanjing GCL New Energy as supplier and Sanmenxia GCL New Energy as principal in relation to the sale and purchase of certain system equipment for Henan Sanmenxia Project
“Henan Sanmenxia GNE Guarantee”	the agreement dated 28 April 2017 entered into between the Company and Xi’an Datang Electric in connection with the guarantee provided by the Company to Xi’an Datang Electric in respect of Sanmenxia GCL New Energy’s obligation under the Henan Sanmenxia EPC Agreement
“Henan Sanmenxia Project”	the 50MW photovoltaic power station project located in Cizhong village of Hubin District of Sanmenxia City of Henan Province, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Huarong EPC Agreement”	the EPC agreement dated 28 April 2017 entered into between Huarong GCL New Energy as principal and Xi’an Datang Electric as contractor under which Xi’an Datang Electric undertakes to provide engineering, procurement and construction services in relation to the Huarong Project
“Huarong EPC Supplemental Agreement”	the EPC supplemental agreement dated 28 April 2017 entered into between Suzhou GCL New Energy and Huarong GCL New Energy as joint principals and Xi’an Datang Electric as contractor in relation to the Huarong Project
“Huarong Equipment Purchase Agreement”	the equipment purchase agreement dated 28 April 2017 entered into between Xi’an Datang Electric as customer and Nanjing GCL New Energy as supplier and Huarong GCL New Energy as principal in relation to the sale and purchase of certain system equipment for Huarong Project
“Huarong GCL New Energy”	Huarong GCL New Energy Company Limited (華容縣協鑫光伏電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“Huarong GNE Guarantee”	the agreement dated 28 April 2017 entered into between the Company and Xi’an Datang Electric in connection with the guarantee provided by the Company to Xi’an Datang Electric in respect of Huarong GCL New Energy’s obligation under the Huarong EPC Agreement
“Huarong Project”	phase one (100MW) of the 200MW fishery-photovoltaic power station project located in Ta’xi Lake of Huarong County of Yueyang City of Hunan Province, the PRC
“Konca Solar”	Konca Solar Cell Co., Ltd.* (高佳太陽能股份有限公司), a subsidiary of GCL-Poly incorporated in the PRC
“Lianshui GCL New Energy”	Lianshui GCL New Energy Company Limited* (漣水鑫源光伏電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt (s)

“Nanjing GCL New Energy”	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 which is incorporated in the PRC with limited liability
“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
“Previous Agreements”	together, (i) the Previous Lianshui EPC Agreement, (ii) the Previous Lianshui EPC Supplemental Agreement, and (iii) the Previous Lianshui Equipment Purchase Agreement
“Previous Lianshui EPC Agreement”	the EPC agreement dated 30 December 2016 entered into between Lianshui GCL New Energy as principal and Xi’an Datang Electric as contractor under which Xi’an Datang Electric undertakes to provide engineering, procurement and construction services in relation to the Previous Lianshui Project
“Previous Lianshui EPC Supplemental Agreement”	the EPC supplemental agreement dated 30 December 2016 entered into between Suzhou GCL New Energy and Lianshui GCL New Energy as joint principals and Xi’an Datang Electric as contractor in relation to the Previous Lianshui Project
“Previous Lianshui Equipment Purchase Agreement”	the equipment purchase agreement dated 17 January 2017 entered into between Xi’an Datang Electric as customer and Nanjing GCL New Energy as supplier and Lianshui GCL New Energy as principal in relation to the sale and purchase of certain system equipment for the Previous Lianshui Project
“Previous Lianshui Project”	the 15MW agricultural photovoltaic power station project located in Tangji town of Lianshui County of Huai’an City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sanmenxia GCL New Energy”	Sanmenxia GCL New Energy Co., Ltd.* (三門峽協立光伏電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability

“SGM”	a special general meeting of the Company to be convened and held to approve the major transaction with Xi’an Datang Electric
“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 Co., Ltd.* (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
“Wuxi Guolian”	Wuxi Guolian Development (Group) Company Limited* (無錫市國聯發展(集團)有限公司), a state-owned company incorporated in the PRC and owned by Wuxi Government
“Xi’an Datang Electric”	Xi’an Datang Electric Power Design and Research Institute Co., Ltd.* (西安大唐電力設計研究院有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.



*This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1= HK\$1.1289, being the exchange rate prevailing on 28 April 2017. 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**  
**Zhu Yufeng**  
Chairman

Hong Kong, 28 April 2017

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