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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)

INSIDE INFORMATION **FRAMEWORK AGREEMENT FOR THE CO-OPERATION OF** **PHOTOVOLTAIC POWER STATION PROJECTS**

This announcement is made by GCL New Energy Holdings Limited 協鑫新能源控股有限公司 (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE CO-OPERATION FRAMEWORK AGREEMENT

On 31 May 2017, Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司) (“**Suzhou GCL New Energy**”), an indirect wholly-owned subsidiary of the Company, has entered into a co-operation framework agreement (the “**Co-operation Framework Agreement**”) with Fuyang New Energy Technology (Nanyang) Limited* (富陽新能源科技(南陽)有限公司) (“**Fuyang New Energy**”), a company engaged in the investment, procurement, sales and management of new energy projects and related facilities in China.

Under the Co-operation Framework Agreement, Fuyang New Energy will buy certain photovoltaic power station project companies (the “**Target Companies**”, and each a “**Target Company**”), developed in customization, constructed and operated by Suzhou GCL New Energy. Suzhou GCL New Energy and Fuyang New Energy will enter into separate share purchase agreements and other agreements (as detailed below) for each Target Company.

In all, the Target Companies will adopt the built-transfer model. Suzhou GCL New Energy will be responsible for the engineering, procurement and construction, and provide operation and maintenance services after completion of the Target Companies. This is part of the Company’s asset light model operational strategy.

PRINCIPAL TERMS OF THE CO-OPERATION FRAMEWORK AGREEMENT

(i) Date

31 May 2017

(ii) Parties

- (a) Proposed seller: Suzhou GCL New Energy; and
- (b) Proposed purchaser: Fuyang New Energy (together the “Parties”).

(iii) Subject Matter

The Parties shall select and agree on the Target Companies to be transferred, developed in customization, constructed and operated and shall select from the photovoltaic station project companies developed in customization by Suzhou GCL New Energy in China and obtained construction directives of approximately 200 MWP 200 Megawatt Peak in 2017. Suzhou GCL New Energy will arrange the share transfer and co-operate with Fuyang New Energy for developing the Target Companies, and Fuyang New Energy will purchase the entire share capital in the Target Companies (the “Proposed Co-operation”).

The Parties will agree on the consideration of each Target Company, with reference to:

- (a) the paid share capital of the Target Company plus a premium of RMB100,000.00 (equivalent to approximately HK\$113,540.00);
- (b) the engineering fees of the project of the relevant Target Company including:
 - i. fees for obtaining pre-development approvals from relevant authorities (前期開發批文費用);
 - ii. engineering, procurement and construction (“EPC”) fees;
 - iii. fees for project supervision services;
- (c) fees for compliance with applicable laws and regulations before the completion of the relevant share transfer;
- (d) interests incurred during the construction period of the photovoltaic power stations;
- (e) a one-off occupation fee for the outboard tower base of the power station; and
- (f) consulting services fee.

(iv) Transaction Documents

After the Parties have entered into the Co-operation Framework Agreement, they shall enter into the following agreements:

(a) *Share Purchase Agreement*

The Parties will enter into a share purchase agreement with respect to the share transfer of each Target Company (the “**Share Purchase Agreement**”). The total consideration shall be paid by Fuyang New Energy three days after the completion of the share transfer (the “**Share Completion**”). The Share Purchase Agreement shall contain the standard conditions precedent, representations and warranties, as well as the pre-completion undertakings.

Fuyang New Energy will hold the shares of the Target Companies not more than five years. Pursuant to the Co-operation Framework Agreement, Suzhou GCL New Energy shall have the preferential rights (but not obligation) to repurchase shares of the Target Companies.

(b) *Loan Agreement*

During the period between the date of the Share Purchase Agreement and the Share Completion, Fuyang New Energy shall provide finance for the Target Companies’ pre-development approval fee, EPC fees and project supervision fee (together, the “**Total Engineering Fees**”).

The Parties shall enter into a loan agreement (the “**Loan Agreement**”), pursuant to which the Total Engineering Fees will be provided by Fuyang New Energy to each Target Company in four loans:

- *First Loan:* 30% of the Total Engineering Fees will be provided to the Target Company within 20 days of the Share Purchase Agreement.
- *Second Loan:* within 20 days after the Target Company starts generating power, Fuyang New Energy shall pay a part of the Total Engineering Fees with reference to the progress of the project.
- *Third Loan:* within 20 days after the Target Company generates power at full capacity, Fuyang New Energy shall pay up to a total of 95% of the Total Engineering Fees.

- *Forth Loan*: the remaining 5% of the Total Engineering Fees act as the warranty fee which will be released to the Target Company 20 days after the warranty period, which is 2 years after the Target Company has started to generate power at full capacity.

Suzhou GCL New Energy will provide a guarantee to secure the Target Companies' obligations to Fuyang New Energy before the Share Completion.

(c) *Consulting Services Agreement*

Further, the Parties will enter into a customization development and consulting services agreement pursuant to which Suzhou GCL New Energy will provide to the Target Companies certain consulting services, including the customization development services for Fuyang New Energy such as the handling of relevant filings and registrations with relevant authorities, for a consulting services fee payable in four stages:

- 30% of the consulting fee shall be paid within 20 days after Suzhou GCL New Energy successfully assists the Target Company to obtain main approvals from the relevant authorities.
- 20% of the consulting fee shall be paid within 20 days after the Target Company has started to generate power.
- 47% of the consulting fee shall be paid within 20 days after the Target Company generates power at full capacity.
- 3% of the consulting fee shall be paid within 20 days after the Target Company has obtained the formal grant of the national renewable energy subsidies.

(d) *Share Pledge Agreement*

With respect to the shareholders loans of the Target Companies owed to Suzhou GCL New Energy and its related parties, Fuyang New Energy shall pay them in full prior to the Share Completion. The Parties will also enter into a share pledge agreement, under which Suzhou GCL New Energy will pledge 100% of the equity interest in the Target Companies to Fuyang New Energy to secure its obligations under the Share Purchase Agreement and the Loan Agreement.

(e) Other agreements

The Parties will also enter into other agreements to facilitate the co-operation, including:

- a maintenance agreement regarding operational maintenance services provided by Suzhou GCL New Energy for the photovoltaic project of the Target Companies after the Share Completion;
- other agreements relating to the purchase of parts and modules for the operations of the Target Companies;
- agreements on payment of land related fees; and
- a share transfer agreement separately in accordance with the requirements of the relevant local authorities to effect the transfer of shares.

(v) Share Completion

The Parties shall complete the registration of the transfer of shares with the relevant authorities within one month after the Target Company generates power at full capacity.

Share Completion shall take place when the relevant authorities approve the share transfer of the Target Company.

The Company will announce further details of the Proposed Co-operation as and when appropriate.

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.1354, being the exchange rate prevailing on 31 May 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, 31 May 2017

As at the date of this announcement, the board of directors of the Company 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.