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GCL New Energy Holdings Limited

协鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

Disclosable Transaction with Joint Venture - Zhongmin GCL

Transfer of the shares in Jinhu and Wanhai

On 30 June 2017 (after trading hours), the Company's indirect wholly owned subsidiary, Suzhou GCL entered into Share Transfer Agreements with Zhongmin GCL, pursuant to which the Suzhou GCL agreed to transfer and Zhongmin GCL agreed to purchase the shares in Jinhu and Wanhai for a consideration of approximately RMB185.7 million and the net profit for the month of May 2017 of Jinhu, and RMB 64.9 million and the net profit for the month of May 2017 of Wanhai, respectively.

As the highest of the applicable percentage ratios for the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements thereunder.

On 30 June 2017 (after trading hours), the Company's indirect wholly owned subsidiary, Suzhou GCL entered into Share Transfer Agreements with Zhongmin GCL, pursuant to which the Suzhou GCL agreed to transfer and Zhongmin GCL agreed to purchase all the shares in Jinhu and Wanhai for a consideration of approximately RMB185.7 million and the net profit for the month of May 2017 of Jinhu, and RMB 64.9 million and the net profit for the month of May 2017 of Wanhai, respectively.

Key terms of the Share Transfer Agreements

Date	30 June 2017
Parties	(1) Suzhou GCL (as the seller); and (2) Zhongmin GCL (as the purchaser)

Transfer of shares	Suzhou GCL agreed to transfer and Zhongmin GCL agreed to purchase the shares in Jinhu and Wanhai, representing the entire issued share capital of Jinhu and Wanhai.
Consideration	<p>The consideration for the sale shares of Jinhu is approximately RMB185.7 million and the net profit for the month of May 2017 of Jinhu. The consideration for the sale shares of Wanhai is approximately RMB64.9 million and the net profit for the month of May 2017 of Wanhai</p> <p>The consideration was determined after arm's length negotiations between Suzhou GCL and Zhongmin GCL, taking into account of the respective financial status of Jinhu and Wanhai (including net asset value)</p>
Conditions of payment of consideration of equity transfer	<p>Within 10 business days from the date of satisfaction of the following conditions, Zhongmin GCL shall pay the consideration to the co-management account of Suzhou GCL created in the financial institution designated by Zhongmin GCL :</p> <ol style="list-style-type: none"> 1) financial due diligence, legal due diligence and preliminary draft of technology report to the satisfaction of Zhongmin GCL; 2) Jinhu and Wanhai have completed the clean up the balance sheet that is not related to photovoltaic power plant project or formulated a balance sheet clean up scheme to the satisfaction of Zhongmin GCL; and 3) the personnel resettlement program of Jinhu and Wanhai has been approved by both parties
Completion	<p>The parties agree that funds in the joint account shall be withdrawn and used in accordance to the following:</p> <ol style="list-style-type: none"> 1) Suzhou GCL shall not withdraw any funds in the joint account before the issuance of the technology due diligence report of Jinhu and Wanhai issued by a third party; 2) Suzhou GCL may transfer the funds in the joint account into Suzhou GCL's bank account upon the satisfaction of the following conditions: <ol style="list-style-type: none"> a) The conclusion of the technical due diligence report of the photovoltaic power plant project of Jinhu and Wanhai issued by a third party satisfies the requirement of Zhongmin GCL. b) the completion of the business registration as specified in the Share Transfer Agreements.

- c) Suzhou GCL shall in accordance to the requirements of supplemental agreement of Jinhu and Wanhai, deliver to Zhongmin GCL an unconditional and irrevocable bank performance guarantee with a period of not less than 12 months to the satisfaction of Zhongmin GCL at a reasonable time.
- d) the completion of balance sheet clean up scheme as specified in supplemental agreement of Jinhu and Wanhai

INFORMATION ABOUT THE PARTIES INVOLVED IN THE SHARE TRANSFER AGREEMENTS

Suzhou GCL

Suzhou GCL is mainly engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects; sales of photovoltaic materials and equipment .

Zhongmin GCL

Zhongmin GCL is a limited company incorporated in PRC. It is principally engaged in the development, investment, general contracting, design, procurement, construction, operation and other related business of solar power projects and other new energy projects.

As at the date of this announcement, Zhongmin GCL is a joint venture company with 32% equity interests held by Suzhou GCL and 68% equity interests held by Zhongmin New Energy (Shanghai) Investment Group Co., Ltd, respectively.

To the best of information, knowledge and belief of the Directors after all reasonable inquiries, Zhongmin GCL and the final beneficial owners are independent third party.

Jinhu

Jinhu is mainly engaged in construction, operation and management of photovoltaic power plant, consultation, design, system integration, total engineering package service of large and medium-sized photovoltaic grid-connected power station, small grid-connected power station, off-grid photovoltaic power generation system and photovoltaic building integration projects.

Wanhai

Wanhai is mainly engaged in investment, construction and management of photovoltaic power plant project.

Financial information of Jinhui

The audited financial statements in accordance with China Standards on Auditing of Jinhui for the two financial years ended 31 December 2015 and 31 December 2016 are as follows:

	Year ended 31 December 2015	Year ended 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	55,783	35,331
Profit after tax	55,747	35,204
		Year ended 31 December 2016
		<i>RMB'000</i>
Total assets		991,697
Net assets		251,638

Financial information of Wanhai

The audited financial statements in accordance with China Standards on Auditing of Wanhai for the two financial years ended 31 December 2015 and 31 December 2016 are as follows:

	Year ended 31 December 2015	Year ended 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	-	27,004
Profit after tax	-	27,004
		Year ended 31 December 2016
		<i>RMB'000</i>
Total assets		355,261
Net assets		77,004

FINANCIAL IMPACT OF THE TRANSFER

After the completion of the Transfer, Jinhu and Wanhai will no longer be listed as subsidiaries of the Company. The joint venture company, Zhongmin GCL in which Suzhou GCL holds 32% equity interests will hold all the shares of Jinhu and Wanhai.

Based on the information provided by the Company, it is expected that the Group will generate gain on disposal of approximately RMB 18.5 million from the Transfer.

The net amount of cash received from the Transfer (deducted estimated tax and transaction costs) is expected to be approximately RMB 250 million. The Company proposed to use approximately RMB 240 million for the repayment of debts and the remaining approximately RMB 10 million will be used for working capital.

The financial impact of the Transfer will be adjusted in accordance with Jinhu and Wanhai's audited financial positions on the closing date.

REASONS FOR AND BENEFITS OF THE TRANSFER

The Transfer of power plant can ease cash flow pressure and is expected to save approximately RMB16,860,000 annually. It will reduce the gearing ratio by 0.4% based on 2016 audited financial report and effectively reduce financial risks.

The Directors (including the independent non-executive Directors) consider that the agreement is on normal commercial terms and is fair and reasonable and is in the interests of the Shareholders as a whole.

Similar to the co-operation framework agreement between the Company and Fuyang New Energy Technology (Nanyang) Limited* (“Fuyang New Energy”) signed on 31 May, 2017, the targeted 130MW projects in this transaction are part of the company's asset light model strategy. In the framework agreement signed with Fuyan New Energy, the target companies will adopt the built-transfer model, and Suzhou GCL will provide operation and maintenance services after completion of the target companies, hence, generating stable return for the Company.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board”	the board of Directors
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	GCL New Energy Holdings Limited (协鑫新能源控股有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code:451)
“Director(s)”	the director(s) of the Company (including the independent non-executive Directors)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of, and not connected with, any connected person of the Company and not a connected person of the Company
“Jinhu”	Jinhu Zhenhui Photovoltaic Co., Ltd, a limited company incorporated in PRC and is an indirect wholly owned subsidiary of the Company Jinhu Zhenhui Photovoltaic Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“PRC”	The People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“Share Transfer Agreements”	The share transfer agreement entered into between Suzhou GCL and Zhongmin GCL, supplemental agreements of Jinhu and Wanhai dated 30 June 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou GCL”	Suzhou GCL New Energy Investment Co., Ltd., a limited company incorporated in PRC and is an indirect wholly owned subsidiary of the Company Suzhou GCL New Energy Investment Co., Ltd.
“Transfer of Shares”	The transfer of shares issued by Jinhu and Wanhai
“Transfer”	The shares to be transferred by the Company in accordance with the Agreements

- “Wanhai” Shandong Wanhai Solar Power Co., Ltd., a limited company incorporated in PRC and is an indirect wholly owned subsidiary of the Company Shandong Wanhai Solar Power Co., Ltd.
- “Zhongmin GCL” Xi’an Zhongmin GCL New Energy Limited Company*, a limited company incorporated in PRC with 32% equity interests held by Suzhou GCL and 68% equity interests held by Zhongmin New Energy (Shanghai) Investment Group Co., Ltd, respectively
- “%” per cent.
- * All of the English titles or names of the PRC entities, as well as certain items contained in this circular have been included for identification purposes 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, 30 June 2017

As at the date of this announcement, 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.