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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)

CONTINUING CONNECTED TRANSACTION WITH SUZHOU GCL-POLY GROUP

CONTINUING CONNECTED TRANSACTION

We refer to the Company's announcement dated 22 August 2014 in relation to the Previous Operation Service Agreement entered into between Nanjing GCL New Energy (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly (an indirect wholly-owned subsidiary of GCL-Poly) for a term of three years commencing from 10 July 2014. The Previous Operation Service Agreement was expired on 9 July 2017.

On 11 July 2017, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly entered into the New Operation Service Agreement for a term of three years commencing from 10 July 2017. Under the New Operation Service Agreement, Suzhou GCL Operation will provide operation and management services for the power plants of Suzhou GCL-Poly Group under the terms and conditions set out in the New Operation Service Agreement.

LISTING RULES IMPLICATIONS

Suzhou GCL-Poly is a subsidiary of GCL-Poly, a substantial shareholder of the Company. Suzhou GCL-Poly is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the New Operation Service Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As disclosed in the Company's announcements dated 19 May 2016 and 25 May 2017, the Group also entered into the following agreements with parties who are indirect subsidiaries of GCL-Poly and indirect subsidiaries of Golden Concord:

- (1) 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;
- (2) the Existing Staff Training Agreement with Suzhou Xin Zhi Hai (an indirect wholly-owned subsidiary of Golden Concord), pursuant to which Suzhou Xin Zhi Hai provides certain corporate training services including the development of online platforms and the development of modernised training modules to the Group; and
- (3) the Previous De Minimis Agreements with Suzhou Xin Zhi Hai, pursuant to which Suzhou Xin Zhi Hai provides customised training services for the employees of various subsidiaries of the Company from 30 September 2016 to 12 May 2017,

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

The New Operation Service Agreement and the Previous Agreements are of a similar nature. As a result, they shall be aggregated under Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio of the aggregated Annual Cap of each of the transactions contemplated under the New Operation Service Agreement and the Previous Agreements (in aggregate) is more than 0.1% but less than 5%, the entering into of the New Operation Service Agreement is subject to the reporting, announcement and annual review requirements and is exempt from the circular (including independent financial advice) and Shareholders' approval requirements as required under Chapter 14A of the Listing Rules.

As Mr. Zhu Yufeng (executive Director), Ms. Sun Wei and Mr. Yeung Man Chung, Charles (both non-executive Directors) are directors of GCL-Poly and Ms. Hu Xiaoyan (executive Director) and Mr. Sha Hongqiu (non-executive Director) are executives of GCL-Poly, they have a material interest in the continuing connected transaction under the New Operation Service 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 continuing connected transaction under the New Operation Service Agreement.

We refer to the Company's announcement dated 22 August 2014 in relation to the Previous Operation Service Agreement entered into between Nanjing GCL New Energy (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly (an indirect wholly-owned subsidiary of GCL-Poly) for a term of three years commencing from 10 July 2014. The Previous Operation Service Agreement was expired on 9 July 2017.

I THE NEW OPERATION SERVICE AGREEMENT

1. Introduction

On 11 July 2017, Suzhou GCL Operation and Suzhou GCL-Poly entered into the New Operation Service Agreement for a term of three years commencing from 10 July 2017. Under the New Operation Service Agreement, Suzhou GCL Operation will provide operation and management services for the power plants of Suzhou GCL-Poly Group under the terms and conditions set out in the New Operation Service Agreement.

2. Principal Terms of The New Operation Service Agreement

(a) Date

11 July 2017

(b) Parties

(1) Suzhou GCL Operation

(2) Suzhou GCL-Poly

(c) Subject Matter

Suzhou GCL Operation has agreed to provide operation and management services to Suzhou GCL-Poly Group for an annual fee of RMB35,300,000 (equivalent to approximately HK\$40,570,290), receivable monthly in arrears for the period of three years commencing from 10 July 2017. The operation and management services include capital management, technology training, management consulting and other management services including budgeting, assets management, cost management, financial management, human resources and information management.

The fees receivable under the New Operation Service Agreement were determined by arm's length negotiations between the parties and taking into account the installed capacity of the power plants, costs and risks of management. The existing installed capacity of the power plants is 353MW and the charging rate is RMB0.10 per watt.

3. Principal terms of the Previous Operation Service Agreement and the Previous Agreements

Please refer to the Company's announcement dated 22 August 2014 for the principal terms of the Previous Operation Service Agreement.

Please refer to the Company's announcements dated 19 May 2016 and 25 May 2017 for the principal terms of the Previous Agreements.

4. Annual Caps

The Annual Caps of the New Operation Service Agreement, the Existing Staff Training Agreement and the Existing Asset Management and Administrative Services Agreement will be as follows:

	For the year ending 31 December			For the period from
	2017	2018	2019	1 January 2020 to 9 July 2020
New Operation Service Agreement ⁽¹⁾	RMB16,924,658 (equivalent to approximately HK\$19,451,509)	RMB35,300,000 (equivalent to approximately HK\$40,570,290)	RMB35,300,000 (equivalent to approximately HK\$40,570,290)	RMB18,375,342 (equivalent to approximately HK\$21,118,781)
Existing Staff Training Agreement	RMB4,788,120 (equivalent to approximately HK\$5,502,986)	RMB8,424,610 (equivalent to approximately HK\$9,682,404)	RMB8,585,602 (equivalent to approximately HK\$9,867,432)	RMB3,579,244 (equivalent to approximately HK\$4,113,625)
Existing Asset Management and Administrative Services Agreement	US\$4,500,000 (equivalent to approximately HK\$35,150,850)	US\$4,500,000 (equivalent to approximately HK\$35,150,850)	US\$4,190,860 (equivalent to approximately HK\$32,736,065)	
Aggregate Annual Cap in HK\$	60,105,345	85,403,544	83,173,787	25,232,406

Note 1: the New Operation Service Agreement was entered for a term of three years commencing from 10 July 2017 to 9 July 2020.

The Annual Caps are based on the total amount of fees payable for the years ending 31 December 2017, 31 December 2018 and 31 December 2019 and the period from 1 January 2020 to 9 July 2020. The annual caps of the New Operation Service Agreement were arrived at after taking into consideration the aggregated power generation capacity to be managed by Suzhou GCL Operation under the New Operation Service Agreement and the costs associated with the managing and servicing power generation facilities similar to those covered under the New Operation Service Agreement.

II. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

The New Operation Service Agreement was entered into in the usual and ordinary course of the Group's business and the terms of the agreement was determined following arm's length negotiations between the parties to the agreement.

The entering into the New Operation Service Agreement can enhance the Group's income and to maximize the benefits of economies of scale in the provision of operating and management services under the New Operation Service Agreement.

The Directors (including the independent non-executive Directors) believe that the New Operation Service Agreement is on normal commercial terms and has been entered into in the ordinary and usual course of business of the Company and the terms of the New Operation Service Agreement, including the Annual Caps applicable thereto, are fair and reasonable and in the interests of the Company and Shareholders as a whole.

III. LISTING RULES IMPLICATIONS

Suzhou GCL-Poly is a subsidiary of GCL-Poly, a substantial shareholder of the Company. Suzhou GCL-Poly is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the New Operation Service Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The New Operation Service Agreement and the Previous Agreements are of a similar nature. As a result, they shall be aggregated under Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio of the aggregated Annual Cap of each of the transactions contemplated under the New Operation Service Agreement and the Previous Agreements (in aggregate) is more than 0.1% but less than 5%, the entering into of the New Operation Service Agreement is subject to the reporting, announcement and annual review requirements and is exempt from the circular (including independent financial advice) and Shareholders' approval requirements as required under Chapter 14A of the Listing Rules.

As Mr. Zhu Yufeng (executive Director), Ms. Sun Wei and Mr. Yeung Man Chung, Charles (both non-executive Directors) are directors of GCL-Poly and Ms. Hu Xiaoyan (executive Director) and Mr. Sha Hongqiu (non-executive Director) are executives of GCL-Poly, they have a material interest in the continuing connected transaction under the New Operation Service 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 continuing connected transaction under the New Operation Service Agreement.

IV. INFORMATION ON THE PARTIES TO THE CONTINUING CONNECTED TRANSACTION

Suzhou GCL-Poly

Suzhou GCL-Poly, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of GCL-Poly, a substantial shareholder of the Company. Suzhou GCL-Poly is principally engaged in investment in solar farms.

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.

V. DEFINITIONS

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

“Annual Caps”	the maximum amount of fees payable under the New Operation Service Agreement, Existing Asset Management and Administrative Service Agreement and Existing Staff Training Agreement for the years ending 31 December 2017, 31 December 2018 and 31 December 2019 and the period from 1 January 2020 to 9 July 2020
“Board”	the board of Directors
“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, the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Existing Asset Management and Administrative Service Agreement”	the Asset Management and Administrative Service Agreement as defined and disclosed in the Company’s announcement dated 19 May 2016
“Existing Staff Training Agreement”	the Staff Training Agreement as defined and disclosed in the Company’s announcement dated 25 May 2017

“GCL-Poly”	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company incorporated in Cayman Islands with limited liability, 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 協鑫光伏有限公司, an indirect wholly-owned subsidiary of GCL-Poly which is incorporated in Hong Kong with limited liability
“Golden Concord”	Golden Concord Group Management Limited 協鑫集團管理有限公司, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatts
“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
“New Operation Service Agreement”	the operation service agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 11 July 2017
“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”	the Existing Asset Management and Administrative Service Agreement, the Previous De Minimis Agreements and the Existing Staff Training Agreement
“Previous De Minimis Agreements”	the Previous De Minimis Agreements as defined and disclosed in the Company’s announcement dated 25 May 2017

“Previous Operation Service Agreement”	the Operation Service Agreement as defined and disclosed in the Company’s announcement dated 22 August 2014
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of one 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
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Suzhou GCL Operation”	Suzhou GCL New Energy Operation and Technology Co., Ltd.* (蘇州協鑫新能源運營科技有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Suzhou GCL-Poly”	Suzhou GCL-Poly Solar Power 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
“Suzhou GCL-Poly Group”	Suzhou GCL-Poly and its subsidiaries
“Suzhou Xin Zhi Hai”	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.* (蘇州鑫之海企業管理諮詢有限公司), a company incorporated in the PRC with limited liability
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent

This announcement contains translations between US\$ and Hong Kong dollar amounts at US\$1=HK\$7.8113 and translations between RMB and Hong Kong dollar amounts at RMB1 = HK\$1.1493, being the exchange rates prevailing on 10 July 2017. The translation should not be taken as a representation that the US\$ and RMB 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, 11 July 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.