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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)

DISCLOSEABLE TRANSACTION FINANCE LEASE WITH PNC ENERGY CAPITAL LLC

FINANCE LEASE WITH PNC ENERGY CAPITAL LLC

On 16 November 2017, the Group entered into the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements with PNC Energy (an independent third party of the Company), pursuant to which (i) PNC Energy shall purchase the Equipment from the Project Companies (indirect wholly-owned subsidiaries of the Company) at an aggregate consideration of approximately US\$94,000,000 (equivalent to approximately HK\$733,886,200); and (ii) following the acquisition, PNC Energy (as lessor) shall lease the Equipment back to the respective Project Companies (as lessees) for a term of 14 years at an aggregate estimated rent of approximately US\$74,960,000 (equivalent to approximately HK\$585,235,208). In addition, pursuant to the PNC Master Lease Agreements, the Project Companies will incur an aggregate amount of approximately US\$1,207,596 (equivalent to approximately HK\$9,428,064) in total related expenses (such as legal costs and other third-party expenses) to PNC Energy.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements (in aggregate) exceeds 5% but all applicable percentage ratios are less than 25%, the entering into of the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements (in aggregate) constitutes a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. PNC MASTER PURCHASE AND SALE AGREEMENTS AND PNC MASTER LEASE AGREEMENTS

A. Principal terms of the PNC Master Purchase and Sale Agreements

(i) *Date*

16 November 2017

(ii) *Parties*

(1) Sellers: The Project Companies

(2) Purchaser: PNC Energy

(iii) *PNC Master Purchase and Sale Agreements*

Pursuant to the PNC Master Purchase and Sale Agreements, PNC Energy shall purchase the Equipment from the Project Companies at an aggregate consideration of approximately US\$94,000,000 (equivalent to approximately HK\$733,886,200), which shall be leased back to the respective Project Companies in accordance with the PNC Master Lease Agreements.

The total consideration for the purchase of the Equipment payable by PNC Energy under the PNC Master Purchase and Sale Agreements was determined after arm's length negotiation between the parties with reference to the average fair market price of similar solar photovoltaic energy equipment.

B. Principal terms of the PNC Master Lease Agreements

(i) *Date*

16 November 2017

(ii) *Parties*

(1) Lessees: The Project Companies

(2) Lessor: PNC Energy

(iii) PNC Master Lease Agreements

Pursuant to the PNC Master Lease Agreements, PNC Energy shall lease the Equipment back to the respective Project Companies for a term of 14 years at an aggregate estimated rent of approximately US\$74,960,000 (equivalent to approximately HK\$585,235,208).

(iv) Payment of Rent

The estimated aggregate amount of rent payable by the Project Companies to PNC Energy under the PNC Master Lease Agreements is approximately US\$74,960,000 (equivalent to approximately HK\$585,235,208) and is payable quarterly by 57 instalments. Rental payments have been structured in compliance with the U.S. Internal Revenue Code.

In the event that the Project Companies fail to pay any sum payable under the PNC Master Lease Agreements when due, late charges may be charged for each month or part thereof of late repayment, if more than five days of late repayment, at the rate of 1.75% per month of any sum payable.

The terms of the PNC Master Lease Agreements including the lease rent, lease interest rate, and late charges were determined after arm's length negotiation between PNC Energy and the Project Companies with reference to the prevailing market rates for leases for similar assets.

(v) Ownership of the Equipment

The ownership of the Equipment under the PNC Master Lease Agreements shall be vested in PNC Energy throughout the lease period.

(vi) End of lease term options

At the end of the lease term, the Project Companies will have the right to (a) renew the lease; (b) purchase the Equipment; or (c) return the Equipment to PNC Energy, on such terms and conditions as set out under the PNC Master Lease Agreements.

(vii) Security Arrangements for the PNC Master Lease Agreements

The obligations under the PNC Master Lease Agreements are secured by the following:

- (1) Limited corporate guaranty: pursuant to the limited corporate guaranty, GCL NE, Inc. and the Company have agreed to guarantee to PNC Energy: (a) the due payment of amounts owed by any Project Company; (b) the

representations and warranties made by each Project Company under the tax equity documents and project documents are true, correct and complete; (c) each tax equity document and project document are in full force and effect and create a legal, valid and binding obligation on each party thereto; and (d) the due payment of all reasonable costs, expenses and legal fees incurred in enforcing the limited corporate guarantee;

- (2) Corporate guaranty: pursuant to the corporate guaranty, GCL NE (OR) has agreed to guarantee to PNC Energy: (a) the due payment of amounts payable by the Project Companies pursuant to the terms of the PNC Master Purchase and Sale Agreements, the PNC Master Lease Agreements and the corporate guarantee; (b) the due performance, maintenance, observance and fulfilment by each of the Project Companies of the agreements, conditions, covenants and obligations of the Project Companies contained in the tax equity documents and the project documents; and (c) the due payment of all reasonable costs, expenses and legal fees incurred in enforcing the corporate guarantee;
- (3) Equity pledge: according to the pledge agreement, GCL NE, Inc. and the Company have pledged all their equity interest in GCL NE (OR) to secure all of their obligations under the PNC Master Lease Agreements;
- (4) Equity pledge: according to the pledge agreement, GCL NE (OR) has pledged all its equity interest in the Project Companies to secure all of its obligations under the PNC Master Lease Agreements; and
- (5) Assignments: according to the assignment agreements, each Project Company has assigned all its right, title and interest in, to and under certain agreements and accounts to secure its obligations under the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements.

(viii) Closing fees

Pursuant to the PNC Master Lease Agreements, the Project Companies shall pay an aggregate amount of approximately US\$1,207,596 (equivalent to approximately HK\$9,428,064) in total related expenses (such as legal costs and other third-party expenses) to PNC Energy.

2. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The terms of the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements have been agreed after arm's length negotiation between the relevant parties. The Directors believe that the Group will be able to monetize and take advantage of certain favourable tax benefits arising from solar projects in the U.S., including a 30% investment tax credit and certain accelerated depreciation benefits, by bringing in PNC Energy as a tax equity

investor through the Sale-Leaseback Arrangement. Furthermore, the Directors believe that the Sale-Leaseback Arrangement can lower the cost of finance and thus enhance the rate of return for the Project Companies.

Based on the above reasons, the Directors believe and consider that the terms of the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements (in aggregate) exceeds 5% but all applicable percentage ratios are less than 25%, the entering into of the PNC Master Purchase and Sale Agreements and the PNC Master Lease Agreements (in aggregate) constitutes a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

4. INFORMATION ON THE PARTIES TO THE DISCLOSEABLE TRANSACTION

PNC Energy

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PNC Energy is a company incorporated in Delaware with limited liability and is principally engaged in the provision of capital to the renewable energy and demand side management segments of the energy industry.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PNC Energy and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Group

The Group is principally engaged in the development, construction, operation and management of solar power stations.

5. DEFINITIONS

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

“Adams Solar”	Adams Solar Center, LLC, a company incorporated under the laws of Oregon, U.S. with limited liability and an indirect wholly-owned subsidiary of the Company
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“Adams Solar Master Lease Agreement”	the master lease agreement dated 16 November 2017 between Adams Solar and PNC Energy
“Adams Solar Master Purchase and Sale Agreement”	the master purchase and sale agreement dated 16 November 2017 between Adams Solar and PNC Energy
“Bear Creek Solar”	Bear Creek Solar Center, LLC, a company incorporated under the laws of Oregon, U.S. with limited liability and an indirect wholly-owned subsidiary of the Company
“Bear Creek Solar Master Lease Agreement”	the master lease agreement dated 16 November 2017 between Bear Creek Solar and PNC Energy
“Bear Creek Solar Master Purchase and Sale Agreement”	the master purchase and sale agreement dated 16 November 2017 between Bear Creek Solar and PNC Energy
“Bly Solar”	Bly Solar Center, LLC, a company incorporated under the laws of Oregon, U.S. with limited liability and an indirect wholly-owned subsidiary of the Company
“Bly Solar Master Lease Agreement”	the master lease agreement dated 16 November 2017 between Bly Solar and PNC Energy
“Bly Solar Master Purchase and Sale Agreement”	the master purchase and sale agreement dated 16 November 2017 between Bly Solar and PNC Energy
“Board”	the board of the 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 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(s)”	director(s) of the Company
“Elbe Solar”	Elbe Solar Center, LLC, a company incorporated under the laws of Oregon, U.S. with limited liability and an indirect wholly-owned subsidiary of the Company

“Elbe Solar Master Lease Agreement”	the master lease agreement dated 16 November 2017 between Elbe Solar and PNC Energy
“Elbe Solar Master Purchase and Sale Agreement”	the master purchase and sale agreement dated 16 November 2017 between Elbe Solar and PNC Energy
“Equipment”	certain solar photovoltaic energy equipment
“GCL NE, Inc.”	GCL New Energy Inc., a corporation established under the laws of Delaware, U.S. and an indirect wholly-owned subsidiary of the Company
“GCL NE (OR)”	GCL New Energy (OR) I, LLC, a company incorporated under the laws of Delaware, U.S. with limited liability 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”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PNC Energy”	PNC Energy Capital LLC, a company incorporated in Delaware with limited liability
“PNC Master Lease Agreements”	together, the Adams Solar Master Lease Agreement, the Bear Creek Solar Master Lease Agreement, the Bly Solar Master Lease Agreement and the Elbe Solar Master Lease Agreement
“PNC Master Purchase and Sale Agreements”	together, the Adams Solar Master Purchase and Sale Agreement, the Bear Creek Solar Master Purchase and Sale Agreement, the Bly Solar Master Purchase and Sale Agreement and the Elbe Solar Master Purchase and Sale Agreement
“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 Company(ies)”	Adams Solar, Bear Creek Solar, Bly Solar and Elbe Solar

“Sale-Leaseback Arrangement”	the purchase of the Equipment by PNC Energy from the Project Companies pursuant to the terms of the PNC Master Purchase and Sale Agreements and the lease back of the Equipment to the respective Project Companies pursuant to the terms of the PNC Master Lease Agreements
“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
“U.S.”	United States of America
“US\$”	U.S. Dollar, the lawful currency of the U.S.
“%”	per cent.

This announcement contains translations between US\$ and Hong Kong dollar amounts at US\$1 = HK\$7.8073, being the exchange rate prevailing on 16 November 2017. 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.

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, 16 November 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.