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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 WITH SHANGHAI ELECTRIC GROUP COMPANY LIMITED*

DISCLOSEABLE TRANSACTION WITH SHANGHAI ELECTRIC

On 28 May 2018, the Company, through its subsidiaries, entered into the following agreements with Shanghai Electric:

- (1) the Horqin EPC Agreement between Horqin Xinsheng as principal and Shanghai Electric as contractor in relation to the Horqin Project at an estimated consideration of RMB270,511,878.20;
- (2) the Suzhou GCL New Energy Guarantee Agreement among Suzhou GCL New Energy, Horqin Xinsheng and Shanghai Electric under which Suzhou GCL New Energy agreed to undertake Horqin Xinsheng's obligations and liabilities under the Horqin EPC Agreement;
- (3) the Horqin GNE Guarantee between the Company and Shanghai Electric in connection with the guarantee provided by the Company to Shanghai Electric in respect of Horqin Xinsheng's obligations under the Horqin EPC Agreement; and
- (4) the Horqin Equipment Purchase Agreement between Shanghai Electric as customer and Zhenjiang GCL New Energy as supplier in relation to the sale and purchase of certain solar power station equipment for the Horqin Project at a consideration of RMB240,257,960.23.

(together, the "**Horqin EPC and Equipment Purchase Agreements**")

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Horqin EPC and Equipment Purchase Agreements exceeds 5% but is less than 25% for the Company, the entering into of the Horqin EPC and Equipment Purchase Agreements constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. PRINCIPAL TERMS OF THE HORQIN EPC AGREEMENT

(i) Date

28 May 2018

(ii) Parties

(a) Principal: Horqin Xinsheng

(b) Contractor: Shanghai Electric

(iii) Subject Matter

Horqin Xinsheng agreed to engage Shanghai Electric to provide EPC services in relation to the Horqin Project. It is expected that the full-on-grid connection for the Horqin Project will be completed, and commercial operation will start, on 30 June 2018.

(iv) Basis of Consideration

The consideration for the solar power station equipment and services under the Horqin EPC Agreement is estimated to be RMB270,511,878.20, comprising:

(a) solar power station equipment fee for an estimated amount of RMB240,257,960.23;

(b) design fees for an estimated amount of RMB1,445,800.00;

(c) construction fees for an estimated amount of RMB25,833,108.00; and

(d) management services fees for an estimated amount of RMB2,975,009.97.

The Horqin 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 Horqin EPC Agreement; (b) the profit margin of the Horqin Project; and (c) the prevailing market price.

(v) Payment Terms

The consideration for the solar power station equipment and services and other construction materials under the Horqin EPC Agreement shall be paid by Horqin Xinsheng to Shanghai 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 Horqin Xinsheng to Shanghai Electric as deposit within 5 business days of signing of the Horqin EPC Agreement.

Second instalment: 80% of the estimated equipment fees shall be paid by Horqin Xinsheng to Shanghai Electric within 10 business days of the signing of the Horqin EPC Agreement.

Third instalment: 10% of the estimated equipment fees shall be payable within one month after the completion date of the full-on-grid connection for the Horqin Project.

Payment terms for design, construction and management services fees relating to the Horqin Project

Design fee: 80% of the design fee shall be paid within 15 business days of delivering the construction drawings, and the remaining 20% shall be paid within 15 business days of delivering the as-built drawings.

Construction fee: 30% of the construction fee shall be paid upon 50% completion of the construction works and a further 45% shall be paid once full capacity of the on-grid power connection facilities for the Horqin Project are in place. A further 20% shall be paid upon all the construction work is completed, the solar power station has been handed over after inspection and all accounts have been settled. The remaining 5% shall be paid by Horqin Xinsheng to Shanghai Electric within one month of the completion date of the full-on-grid connection for the Horqin Project.

Management service fee 30% of the management service fee shall be payable within 5 business days of the date of the Horqin EPC Agreement. A further 40% shall be payable upon the first receipt of the construction monies by the contractors, and the remaining 30% shall be paid within one month of the completion date of the full-on-grid connection for the Horqin Project.

(vi) Guarantee

Pursuant to the Horqin GNE Guarantee, the Company has agreed to provide a guarantee for RMB270,511,878.20, being the total contract price, as well as for damages, legal fees, administrative fees and other amounts due to Shanghai Electric in respect of Horqin Xinsheng's obligations under the Horqin EPC Agreement.

(vii) Suzhou GCL New Energy Guarantee Agreement

Pursuant to the Suzhou GCL New Energy Guarantee Agreement, Suzhou GCL New Energy agreed to undertake Horqin Xinsheng's obligations and liabilities under the Horqin EPC Agreement.

2. PRINCIPAL TERMS OF THE HORQIN EQUIPMENT PURCHASE AGREEMENT

(i) Date

28 May 2018

(ii) Parties

(a) Supplier: Zhenjiang GCL New Energy

(b) Customer: Shanghai Electric

(iii) Subject Matter

Zhenjiang GCL New Energy agreed to supply, and Shanghai Electric agreed to purchase certain solar power station equipment for a consideration of RMB240,257,960.23 for the Horqin Project.

(iv) Basis of Consideration

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

(v) **Payment Terms**

The consideration for the solar power station equipment purchased under the Horqin Equipment Purchase Agreement shall be paid by Shanghai Electric to Zhenjiang GCL New Energy in accordance with the following milestones:

First instalment: 10% of the total consideration shall be paid by Shanghai Electric to Zhenjiang GCL New Energy within 5 working days from the date on which Shanghai Electric receives the prepayment for the solar power station equipment from Horqin Xinsheng under the Horqin EPC Agreement.

Second instalment: 80% of the total consideration shall be paid by Shanghai Electric to Zhenjiang GCL New Energy within 10 working days from the date of the Horqin Equipment Purchase Agreement.

Third instalment: 10% of the total consideration shall be paid by Shanghai Electric to Zhenjiang GCL New Energy within one month of the completion date of the full-on-grid connection for the Horqin Project.

3. REASONS FOR AND BENEFITS OF THE TRANSACTION

As a developer of photovoltaic power station project, the Group has to engage contractors to provide EPC services to construct its power generation projects. Shanghai 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 Horqin Equipment Purchase Agreement, Zhenjiang GCL New Energy sells certain solar power station equipment (the “**Solar Power Station Equipment**”) to Shanghai Electric. Zhenjiang GCL New Energy purchases the Solar Power Station Equipment from its suppliers under the relevant supply agreements (the “**Supply Agreements**”) on payment terms different from those under the Horqin Equipment Purchase Agreement. Under the Supply Agreements, payment by Zhenjiang GCL New Energy is by instalments over a one year period following signing of the relevant Supply Agreements, whereas under the Horqin Equipment Purchase Agreement, Zhenjiang GCL New Energy receives 90% of the total consideration from Shanghai Electric within 10 working days from signing of the Horqin Equipment Purchase Agreement. The Group will therefore be able to benefit from the short term use of the sales proceeds under the Horqin Equipment Purchase Agreement (the “**Sales Proceeds**”) prior to paying its suppliers under the Supply Agreements.

“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 (stock code: 451)
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“Horqin EPC Agreement”	the EPC agreement dated 28 May 2018 entered into between Horqin Xinsheng as principal and Shanghai Electric as contractor for the Horqin Project
“Horqin Equipment Purchase Agreement”	the equipment purchase agreement dated 28 May 2018 entered into between Shanghai Electric as customer, Zhenjiang GCL New Energy as supplier in relation to the sale and purchase of certain solar power station equipment for the Horqin Project
“Horqin GNE Guarantee”	the agreement dated 28 May 2018 entered into between the Company and Shanghai Electric in connection with the guarantee provided by the Company to Shanghai Electric in respect of Horqin Xinsheng’s obligations under the Horqin EPC Agreement
“Horqin Project”	the 67.3MW photovoltaic power station project located in Horqin Right Front Banner of Inner Mongolia, the PRC
“Horqin Xinsheng”	Horqin Right Front Banner Xinsheng Photovoltaic Power Co., Ltd.* (科爾沁右翼前旗鑫晟光伏電力有限公司), an indirect 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)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Electric”	Shanghai Electric Group Company Limited* (上海電氣集團股份有限公司), a joint stock limited liability company established in the PRC
“Shareholders”	the shareholders of the Company
“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 subsidiary of the Company which is incorporated in the PRC with limited liability
“Suzhou GCL New Energy Guarantee Agreement”	the Suzhou GCL New Energy Guarantee Agreement dated 28 May 2018 entered into among Suzhou GCL New Energy, Horqin Xinsheng and Shanghai Electric for the Horqin Project
“Zhenjiang GCL New Energy”	Zhenjiang GCL New Energy Development Co., Ltd.* (鎮江協鑫新能源發展有限公司), an indirect subsidiary of the Company which is incorporated in the PRC with limited liability
“%”	per cent.

* for identification purpose only

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 May 2018

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Tong Wan Sze as executive Directors; Ms. Sun Wei, Mr. Sha Hongqiu, Mr. Yeung Man Chung, Charles and Mr. He Deyong 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.