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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 SINOHYDRO BUREAU 10 COMPANY

THE DISCLOSEABLE TRANSACTION

On 27 May 2016, the Group entered into the following agreements with Sinohydro Bureau 10 (an independent third party of the Company):

- (a) the 35MW Yanbian PC Agreement between Yanbian GCL New Energy (an indirect wholly-owned subsidiary of the Company) as principal and Sinohydro Bureau 10 as contractor in relation to the 35MW Yanbian Project at an estimated consideration of RMB196,156,584.72 (equivalent to approximately HK\$232,327,858.94); and
- (b) the 35MW Module Sales Agreement between Nanjing GCL New Energy (an indirect wholly-owned subsidiary of the Company) as supplier, Sinohydro Bureau 10 as customer and Yanbian GCL New Energy as principal for the supply of solar power station equipment including solar modules, frames, string converters, voltage converter and cables in relation to the 35MW Yanbian Project at a consideration of RMB182,230,142.00 (equivalent to approximately HK\$215,833,380.18).

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

LISTING RULES IMPLICATIONS

As each of the Yanbian Agreements were entered into with Sinohydro Bureau 10, the Yanbian Agreements will be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Yanbian Agreements (in aggregate) exceeds 5% but is less than 25%, the entering into of the Yanbian 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. THE DISCLOSEABLE TRANSACTION

A. Principal terms of the 35MW Yanbian PC Agreement

(i) *Date*

27 May 2016

(ii) *Parties*

Principal: Yanbian GCL New Energy

Contractor: Sinohydro Bureau 10

(iii) *Subject matter*

Yanbian GCL New Energy as principal agreed to engage Sinohydro Bureau 10 as contractor to provide procurement and construction services in relation to the 35MW Yanbian Project. The relevant construction work will commence on the date notified by the principal. It is expected that full on-grid connection for the 35MW Yanbian Project will be completed on 15 June 2016. A test run and the quality check will be performed on the 35MW Yanbian Project and the Test Run and Quality Check Certificate* (工程試運和移交生產驗收鑒定書) will be obtained before 15 July 2016 following full power generation. The Construction Completion Certificate* (工程竣工驗收鑒定書) will be obtained within 3 months after the construction work for the 35MW Yanbian Project is completed.

(iv) *Basis of consideration*

The consideration for the solar power station equipment and services under the 35MW Yanbian PC Agreement is estimated to be RMB196,156,584.72 (equivalent to approximately HK\$232,327,858.94), comprising (i) RMB189,632,767.72 (equivalent to approximately HK\$224,601,050.09) for the solar power station equipment and (ii) RMB6,523,817.00 (equivalent to approximately HK\$7,726,808.85) for the services relating to the 35MW Yanbian Project.

The 35MW Yanbian PC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the 35MW Yanbian PC Agreement was determined with reference to (a) the quality standard and cost of the services under the 35MW Yanbian Project; (b) the profit margin of the 35MW Yanbian Project; and (c) the prevailing market price of similar services.

(v) *Payment terms*

The consideration for the solar power station equipment and services under the 35MW Yanbian PC Agreement shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10 in separate payment terms in accordance with the following milestones:

Payment terms for the solar power station equipment

First instalment	No prepayment is required. 90% of the total consideration which shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10 within 14 days from the date of the completion of construction
Second instalment	10% of the total consideration with no interest, which shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10 within seven working days after the expiration of one year upon the receipt of prepayment paid by Sinohydro Bureau 10 under the 35MW Yanbian Module Sales Agreement

Payment terms for the construction services provided

First instalment	10% of the total consideration as prepayment, which shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10
Second instalment	75% of the total consideration, which shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10 within the expiry of three months after full on-grid connection for the 35MW Yanbian Project, provided that Sinohydro Bureau 10 provides an invoice to the satisfaction of Yanbian GCL New Energy
Third instalment	5% of the total consideration, which shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10 after completion and inspection of the construction work for the 35MW Yanbian Project, provided that Sinohydro Bureau 10 provides Yanbian GCL New Energy with an invoice as requested by Yanbian GCL New Energy
Fourth instalment	10% of the total consideration with no interest, which shall be paid by Yanbian GCL New Energy to Sinohydro Bureau 10 after the expiration of the warranty period of one year provided that there are no issues in relation to the quality of services and construction work

(vi) Guarantee

Pursuant to a guarantee agreement dated 27 May 2016 between Yanbian GCL New Energy, Sinohydro Bureau 10 and Suzhou GCL New Energy, Suzhou GCL New Energy provided a guarantee for up to RMB189,632,767.72 (equivalent to approximately HK\$224,601,050.09) in respect of Yanbian GCL New Energy's liabilities for the solar power station equipment under the 35MW Yanbian PC Agreement.

B. Principal terms of the 35MW Yanbian Module Sales Agreement

(i) Date

27 May 2016

(ii) Parties

Principal: Yanbian GCL New Energy

Supplier: Nanjing GCL New Energy

Customer: Sinohydro Bureau 10

(iii) Subject Matter

Nanjing GCL New Energy agreed to supply, and Sinohydro Bureau 10 agreed to purchase certain solar power station equipment for a consideration of RMB182,230,142.00 (equivalent to approximately HK\$215,833,380.18). The equipment purchased included solar modules, frames, string converters, voltage converter and cables. The equipment will be used in the 35MW Yanbian Project. Yanbian GCL New Energy is the principal of the 35MW Yanbian Project.

(iv) Basis of consideration

The 35MW Yanbian Module Sales Agreement was negotiated and entered into on an arm’s length basis and on normal commercial terms. The consideration is calculated on the basis of the market price of similar products.

(v) Payment terms

The consideration for the solar modules under the 35MW Yanbian Module Sales Agreement shall be paid by Sinohydro Bureau 10 to Nanjing GCL New Energy in accordance with the following milestones:

First instalment 90% of the total consideration as prepayment to be paid within 14 days after signing of the 35MW Yanbian Module Sales Agreement; and

Second instalment 10% of the total consideration within seven days after the expiration of the warranty period of 12 months from the date of the prepayment.

2. REASONS FOR AND BENEFITS OF THE TRANSACTION

As a developer of photovoltaic power station projects, the Group has to engage contractors to provide engineering, procurement and constructions services to construct its power generation projects. Sinohydro Bureau 10 is an established PC contractor and has extensive local resources. The Group believes that Sinohydro Bureau 10 can deliver service at a quality standard which meets the expectations of the Group at a reasonable cost under the 35MW Yanbian PC Agreement and the 35MW Module Sales Agreement.

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

3. LISTING RULES IMPLICATIONS

As each of the Yanbian Agreements were entered into with Sinohydro Bureau 10, the Yanbian Agreements will be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Yanbian Agreements (in aggregate) exceeds 5% but is less than 25%, the entering into of the Yanbian 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sinohydro Bureau 10 and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

4. INFORMATION ON THE PARTIES TO THE DISCLOSEABLE TRANSACTION

Sinohydro Bureau 10

Sinohydro Bureau 10 is a subsidiary of Sinohydro Corporation Limited (中國水利水電建設集團有限公司) and is principally engaged in project contracting, electricity investment and operation, equipment manufacturing and leasing, as well as real estate development. It constructs water conservancy and hydropower projects, communication infrastructure projects, municipal administration projects, industrial and civil buildings, as well as dredging and filling projects.

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.

5. DEFINITIONS

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

“35MW Yanbian Module Sales Agreement”	the purchase agreement dated 27 May 2016 among Sinohydro Bureau 10 as customer, Nanjing GCL New Energy as supplier and Yanbian GCL New Energy as principal in relation to the supply of solar power station equipment for the 35MW Yanbian Project
“35MW Yanbian PC Agreement”	the PC agreement dated 27 May 2016 between Yanbian GCL New Energy as principal and Sinohydro Bureau 10 as contractor in relation to the 35MW Yanbian Project
“35MW Yanbian Project”	the 35MW agricultural photovoltaic power station project at Yanbian County of Sichuan Province, the PRC
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“MW”	megawatt(s)
“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
“PC”	procurement and construction
“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

“RMB”	Renminbi, the lawful currency of the PRC
“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)
“Sinohydro Bureau 10”	Sinohydro Bureau 10 Company* (中國水利水電第十工程局有限公司), a company incorporated in the PRC with limited liability
“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 Company Limited* (蘇州協鑫新能源投資有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“Yanbian Agreements”	collectively, the 35MW Yanbian PC Agreement and the 35MW Yanbian Module Sales Agreement
“Yanbian GCL New Energy”	Yanbian GCL New Energy Development Co., Ltd* (鹽邊鑫能光伏電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“%”	per cent.

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.1844, being the exchange rate prevailing on 26 May 2016. 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, 27 May 2016

As at the date of this announcement, the executive Directors are Mr. Zhu Yufeng, Mr. Sun Xingping, Ms. Hu Xiaoyan, Mr. Tong Wan Sze and Mr. Yip Sum Yin; the non-executive Directors are Ms. Sun Wei, Mr. Sha Hongqiu and Mr. Yeung Man Chung, Charles; and the independent non-executive Directors are Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying.