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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)**

### **MAJOR TRANSACTION IN RESPECT OF THE ACQUISITION OF COMPANIES ENGAGED IN SOLAR POWER GENERATION**

#### **THE TRANSACTIONS**

On 3 December 2014 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (an indirect wholly-owned subsidiary of China WindPower Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 182)) and Century Concord (an indirect wholly-owned subsidiary of China WindPower) entered into a sale and purchase agreement, pursuant to which, among other things:

- (i) the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire equity interest in 德令哈協合光伏發電有限公司 (Delingha Century Concord Photovoltaic Power Co., Ltd.\*), as the Target, for the consideration of RMB229.38 million (equivalent to approximately HK\$289.02 million) in cash (subject to adjustment);
- (ii) the Purchaser conditionally agreed to acquire through the Target, and the Vendor conditionally agreed to procure the Shineng Minority Shareholders to sell to the Target, the 40% equity interest in 海南州世能光伏發電有限公司 (Hainanzhou Shineng Photovoltaic Power Co., Ltd.\*) that is owned by the Shineng Minority Shareholders, for the consideration of RMB36 million (equivalent to approximately HK\$45.36 million) in cash; as of the date of the Agreement, the remaining 60% of the equity interest in such company was owned by the Target;
- (iii) the Purchaser conditionally agreed to pay RMB48.62 million (equivalent to approximately HK\$61.26 million) in cash to the Vendor for the Vendor to settle an account payable owed by the Target to JX LDK Solar, a third party equipment provider, relating to the purchase by the Target of certain solar power station equipment for the Delingha Projects; and

(iv) the Purchaser conditionally agreed to pay approximately RMB5.4 million (equivalent to approximately HK\$6.8 million) in cash to the Vendor to account for the fact that the Purchaser would, after the completion of the Target Acquisition, be entitled to 100% of the economic benefits generated by the Target and 60% of the economic benefits generated by Shineng, for the period from 1 August 2014 to the completion of the Target Acquisition.

The Target and Shineng, as the Target Group, are principally engaged in solar power plant investment and operation in Qinghai Province, the PRC. The Target owns the solar power generation stations known as the Delingha Projects, with an aggregate production capacity of 70MW. Shineng owns the solar power generation station known as Gonghe Project Phase I, with a production capacity of 30MW.

Upon completion of the Target Acquisition, the Target will become an indirect subsidiary of the Company, Shineng will become a joint venture of the Company and the financial results of the Target will be consolidated into the accounts of the Group. Upon completion of the Target Acquisition and the Shineng Acquisition, both the Target and Shineng will become indirect subsidiaries of the Company and the financial results of the Target and Shineng will be consolidated into the accounts of the Group.

Under certain limited circumstances prescribed in the Agreement and as described below, following completion of the Target Acquisition, the Purchaser may at its own discretion exercise the Put Option and require the Vendor to repurchase the entire equity interest in the Target at the same aggregate consideration as that paid by the Purchaser under the Agreement (plus the return by Century Concord of all amounts that have been paid by the Purchaser to Century Concord).

#### **LISTING RULES IMPLICATIONS**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Century Concord, China WindPower and each Shineng Minority Shareholder is a third party independent of the Company and its connected persons.

As one or more of the applicable percentage ratios in respect of the Transactions (in aggregate) exceeds 25% but all are less than 100%, the Transactions constitute a major transaction of the Company and therefore are subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Transactions which is different from other Shareholders, and thus no Shareholder is required to abstain from voting at a general meeting to approve the Transactions if such a general meeting were to be convened. The Company will request a written Shareholder's approval for the Transactions from Elite Time Global Limited (an indirect wholly-owned subsidiary of GCL Poly), the controlling shareholder of the Company which currently holds 8,640,000,000 Shares (representing approximately 62.28% of the issued share capital of the Company as at the date of this announcement). If the Company receives such written Shareholder's approval, no Shareholders' meeting will be held to approve the Transactions pursuant to Rule 14.44 of the Listing Rules.

If the Company exercises the Put Option, the Company will comply with the applicable notification, announcement and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, (i) details of the Agreement, the Transactions and the Put Option; (ii) financial and other information of the Target Group; (iii) financial information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 24 December 2014.

## INTRODUCTION

On 3 December 2014 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (an indirect wholly-owned subsidiary of China WindPower Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 182)) and Century Concord (an indirect wholly-owned subsidiary of China WindPower) entered into a sale and purchase agreement, pursuant to which, among other things:

- (i) the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire equity interest in 德令哈協合光伏發電有限公司 (Delingha Century Concord Photovoltaic Power Co., Ltd.\*), as the Target, for the consideration of RMB229.38 million (equivalent to approximately HK\$289.02 million) in cash (subject to adjustment);
- (ii) the Purchaser conditionally agreed to acquire through the Target, and the Vendor conditionally agreed to procure the Shineng Minority Shareholders to sell to the Target, the 40% equity interest in 海南州世能光伏發電有限公司 (Hainanzhou Shineng Photovoltaic Power Co., Ltd.\*) that is owned by the Shineng Minority Shareholders, for the consideration of RMB36 million (equivalent to approximately HK\$45.36 million) in cash; as of the date of the Agreement, the remaining 60% of the equity interest in such company was owned by the Target;
- (iii) the Purchaser conditionally agreed to pay RMB48.62 million (equivalent to approximately HK\$61.26 million) in cash to the Vendor for the Vendor to settle an account payable owed by the Target to JX LDK Solar, a third party equipment provider, relating to the purchase by the Target of certain solar power station equipment for the Delingha Projects; and
- (iv) the Purchaser conditionally agreed to pay approximately RMB5.4 million (equivalent to approximately HK\$6.8 million) in cash to the Vendor to account for the fact that the Purchaser would, after the completion of the Target Acquisition, be entitled to 100% of the economic benefits generated by the Target and 60% of the economic benefits generated by Shineng, for the period from 1 August 2014 to the completion of the Target Acquisition.

The Target and Shineng, as the Target Group, are principally engaged in solar power plant investment and operation in Qinghai Province, the PRC. The Target owns the solar power generation stations known as the Delingha Projects, with an aggregate production capacity of 70MW. Shineng owns the solar power generation station known as Gonghe Project Phase I, with a production capacity of 30MW.

Upon completion of the Target Acquisition, the Target will become an indirect subsidiary of the Company, Shineng will become a joint venture of the Company and the financial results of the Target will be consolidated into the accounts of the Group. Upon completion of the Target Acquisition and the Shineng Acquisition, both the Target and Shineng will become indirect subsidiaries of the Company and the financial results of the Target and Shineng will be consolidated into the accounts of the Group.

Under certain limited circumstances prescribed in the Agreement and as described below, following completion of the Target Acquisition the Purchaser may at its own discretion exercise the Put Option and require the Vendor to repurchase the entire equity interest in the Target at the same aggregate consideration as that paid by the Purchaser under the Agreement (plus the return by Century Concord of all amounts that have been paid by the Purchaser to Century Concord).

Details of the Agreement are set out below.

## **THE AGREEMENT**

**Date:** 3 December 2014

### **Parties:**

- (i) 蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Company Limited\*), as the Purchaser;
- (ii) 銀華協合新能源投資有限公司 (Yinhua Century Concord New Energy Investment Limited\*), as the Vendor; and
- (iii) 協合風電投資有限公司 (Century Concord Wind Power Investment Co. Ltd.\*), as Century Concord.

Each of the Vendor and Century Concord is an investment holding company established under the laws of the PRC and an indirect wholly-owned subsidiary of China WindPower. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Century Concord and China WindPower is a third party independent of the Company and its connected persons.

### **Equity Interests to be Acquired**

As at the date of the Agreement, the Vendor owned the entire equity interest in the Target, and the Target owned a 60% equity interest in Shineng. The remaining 40% equity interest in Shineng was owned by the Shineng Minority Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Shineng Minority Shareholders is a third party independent of the Company and its connected persons.

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire:

- (i) the entire equity interest in the Target owned by the Vendor, as the Target Acquisition; and
- (ii) through the Target, the 40% equity interest in Shineng owned by the Shineng Minority Shareholders, as the Shineng Acquisition.

Please refer to the section headed “Information on the Target Group” below for further details of the Target Group.

### **Arrangement in relation to LDK Payable**

As at the date of the Agreement, the account payable owed by the Target to JX LDK Solar under the agreement entered into between the Target and JX LDK Solar dated 5 July 2011 for the purchase of certain solar power station equipment for the Delingha Projects (the “**LDK Payable**”) was RMB48.62 million (equivalent to approximately HK\$61.26 million). Pursuant to the Agreement, the Purchaser agreed to pay RMB48.62 million (equivalent to approximately HK\$61.26 million) in cash to the Vendor for the Vendor to settle the LDK Payable on behalf of the Target (the “**Advance**”). The Purchaser shall make the Advance to the Vendor within ten business days after completion of the Target Acquisition.

In the event that the actual settlement amount of the LDK Payable exceeds the Advance, the Vendor shall bear the excess and the Purchaser is not required to make any additional payments to the Vendor. In the event that the Advance exceeds the actual settlement amount of the LDK Payable, the Vendor shall be entitled to retain the excess.

### **The Interest Payment**

The parties agree in the Agreement that no dividend would be paid by the Target and Shineng after 1 August 2014. To allocate, between the parties, 100% of the economic benefits generated by the Target and 60% of the economic benefits generated by Shineng from that date until completion of the Target Acquisition, the Purchaser shall pay the Vendor approximately RMB5.4 million (equivalent to approximately HK\$6.8 million) (the “**Interest Payment**”). Such amount is calculated based on a principal amount of RMB228 million (equivalent to approximately HK\$287.28 million) and a fixed interest rate of 6.55% per annum for the period from 31 July 2014 to the date of the payment of the Additional Earnest Money as described below (which is expected to be 10 December 2014).

The principal amount of RMB228 million (equivalent to approximately HK\$287.28 million) represents the remainder of:

- (i) the consideration for the Target Acquisition of RMB229.38 million (equivalent to approximately HK\$289.02 million); plus
- (ii) the LDK Payable of RMB48.62 million (equivalent to approximately HK\$61.26 million); minus
- (iii) RMB50 million (equivalent to approximately HK\$63 million), being the sum of the Third Installment and the Fourth Installment of the consideration for the Target Acquisition, as described below.

The Purchaser shall pay the Interest Payment, minus the Penalty Receivable (as described below), to the Vendor together with the Second Installment of the consideration for the Target Acquisition.

## The Target Acquisition

### *Payment of Earnest Money*

Pursuant to the Agreement, the Purchaser will make a good faith deposit payment, referred to as the Earnest Money, for the Transactions. The Earnest Money comprises:

- (i) a deposit of RMB10 million (equivalent to approximately HK\$12.6 million) in cash, which had already been paid by GCL New Energy (China) to Century Concord pursuant to an agreement entered into between GCL New Energy (China) and Century Concord dated 4 August 2014 in respect of a possible acquisition of certain equity interest in the Target (the “**Deposit**”); and
- (ii) a sum equivalent to RMB40 million (equivalent to approximately HK\$50.4 million) in Hong Kong dollars in cash, which shall be payable by GCL New Energy Development (an indirect wholly-owned subsidiary of the Company) to China Wind Power (HK) Limited (an indirect parent holding company of the Vendor and a direct wholly-owned subsidiary of China WindPower) within five business days from the date of the Agreement (the “**Additional Earnest Money**”).

### *Consideration for the Target Acquisition*

Pursuant to the Agreement, the consideration payable by the Purchaser to the Vendor for the Target Acquisition is RMB229.38 million (equivalent to approximately HK\$289.02 million) in cash (subject to adjustment). The Purchaser shall satisfy such consideration in the following manner:

- (i) RMB40 million (equivalent to approximately HK\$50.4 million) (the “**First Installment**”) will be payable in cash by the Purchaser to the Vendor within ten business days after the Effective Date;

China Wind Power (HK) Limited shall return the Additional Earnest Money (without interest) to GCL New Energy Development within three business days after the Vendor receives the First Installment from the Purchaser. In the event that China Wind Power (HK) Limited fails to do so, a penalty of 0.05% per day on the amount of the Additional Earnest Money shall be payable by the Vendor to the Purchaser;

In the event that China Wind Power (HK) Limited fails to return the Additional Earnest Money to GCL New Energy Development within ten days after the Vendor receives the First Installment, the Purchaser may either (a) apply the Additional Earnest Money to offset part of the consideration payable by the Purchaser to the Vendor for the Target Acquisition; or (b) require the Vendor to return the Additional Earnest Money to GCL New Energy Development;

- (ii) RMB10 million (equivalent to approximately HK\$12.6 million) will be satisfied by applying the Deposit against the consideration for the Target Acquisition within ten business days after the Effective Date;
- (iii) RMB129.38 million (equivalent to approximately HK\$163.02 million) (the “**Second Installment**”) will be payable in cash by the Purchaser to the Vendor within ten business days after the Target Completion;

- (iv) RMB25 million (equivalent to approximately HK\$31.5 million) (the “**Third Installment**”) will be payable in cash by the Purchaser to the Vendor upon the latest to occur of all of the following:
- (a) the day on which the Target Group has obtained both the land use right certificate and the RMB1/Kwh on-grid tariff approval for Delingha Projects Phase III;
  - (b) the day on which the Purchaser receives from the Vendor the equity transfer agreement, executed by the Shineng Minority Shareholders, in respect of the Shineng Acquisition, together with all documents from the Shineng Minority Shareholders required to change Shineng’s PRC industry and commercial registration to effect the Shineng Acquisition and a written notice from the Vendor stating that the Vendor’s facilitation of the negotiation for the Shineng Acquisition between the Shineng Minority Shareholders and the Target has been completed; and
  - (c) 30 June 2015; and
- (v) RMB25 million (equivalent to approximately HK\$31.5 million) (the “**Fourth Installment**”) will be payable in cash by the Purchaser to the Vendor by 31 December 2015.

If, on the date the Target completes changes to its PRC industrial and commercial registration to effect the Target Acquisition after the Target Completion, being the Target AIC Registration Date, the remainder of:

- (i) the sum of the Target Group’s cash, account receivables, note receivables and other receivables (the “**Cash and Receivable Sum**”), minus
- (ii) the sum of the Target Group’s account payables, dividend payables and other payables (the “**Payable Sum**”),

calculated as at the Target AIC Registration Date, is lower than the remainder of the Cash and Receivable Sum minus the Payable Sum calculated as at 30 September 2014, then the amount of such shortfall shall be deducted from the consideration payable by the Purchaser for the Target Acquisition.

The consideration for the Target Acquisition of RMB229.38 million (equivalent to approximately HK\$289.02 million) was determined with reference to the aggregate consideration for the entire equity interest in the Target and Shineng of RMB314 million (equivalent to approximately HK\$395.64 million) (as described under the section headed “Reasons for and Benefits of the Transactions” below) and deducting (i) the consideration for the Shineng Acquisition of RMB36 million (equivalent to approximately HK\$45.36 million); and (ii) the settlement of LDK Payable of RMB48.62 million (equivalent to approximately HK\$61.26 million) as described under the section headed “Arrangement in relation to LDK Payable” above.

#### *Completion of the Target Acquisition*

Pursuant to the Agreement, completion of the Target Acquisition, or the Target Completion, shall take place on the day following the Effective Date.

Upon the Target Completion, the Target will become an indirect subsidiary of the Company, Shineng will become a joint venture of the Company and the financial results of the Target will be consolidated into the accounts of the Group.

## **The Shineng Acquisition**

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire through the Target, and the Vendor conditionally agreed to procure the Shineng Minority Shareholders to sell to the Target, the 40% equity interest in Shineng owned by the Shineng Minority Shareholders for the consideration of RMB36 million (equivalent to approximately HK\$45.36 million) in cash. Upon completion of the Shineng Acquisition, or the Shineng Completion, Shineng will become a direct wholly-owned subsidiary of the Target, and the financial results of Shineng will be consolidated into the accounts of the Group (assuming completion of the Target Acquisition).

In addition, the Purchaser has authorised the Vendor to negotiate with the Shineng Minority Shareholders in respect of the Shineng Acquisition, and will at the Vendor's request execute an equity transfer agreement and related documents in connection with the Shineng Acquisition (which equity transfer agreement shall not result in any increase in the debt, guarantee obligations or any other contingent liabilities of the Purchaser or the Target, or include any obligations of the Purchaser that are unrelated to the Shineng Acquisition).

### *Consideration for the Shineng Acquisition*

Pursuant to the Agreement, the consideration payable by the Purchaser for the Shineng Acquisition of RMB36 million (equivalent to approximately HK\$45.36 million) shall be deposited by the Purchaser into an account designated by the Vendor after execution of the equity transfer agreement in respect of the Shineng Acquisition. The deposit by the Purchaser of such amount into the account designated by the Vendor shall constitute satisfaction of the Purchaser's and the Target's obligations to pay the consideration to be received by the Shineng Minority Shareholders for the Shineng Acquisition.

In the event that the consideration to be received by the Shineng Minority Shareholders for the Shineng Acquisition exceeds RMB36 million, the amount in excess of RMB36 million shall be borne by the Vendor and deducted from the consideration payable by the Purchaser for the Target Acquisition, and the Purchaser shall not bear any responsibility for such excess.

The consideration for the Shineng Acquisition was determined with reference to the aggregate consideration for the entire equity interest in the Target and Shineng of RMB314 million (equivalent to approximately HK\$395.64 million) (as described under the section headed "Reasons for and Benefits of the Transactions" below) and adjusted for the 40% equity interest in Shineng owned by the Shineng Minority Shareholders.

### **Other terms of the Agreement**

As at the date of the Agreement, the Target had an account receivable from the Ministry of Land and Resources of the PRC of approximately RMB2.19 million (equivalent to approximately HK\$2.76 million) (the "**Penalty Receivable**"), which represented the amount of a penalty payment previously made by the Target to the Ministry of Land and Resources of the PRC that the Vendor considered to be recoverable. As the Board considered the recoverability of the Penalty Receivable by the Target to be low, the Agreement provided that the entire amount of the Penalty Receivable shall be netted off against, and reduce, the Interest Payment to be paid by the Purchaser. In the event that the Target recovers any portion of the Penalty Receivable after the Target Completion, the Target shall pay such recovered amount to the Vendor within three business days of receipt.



As at 30 September 2014, the loans due from the Target and Shineng to the Bank were RMB651 million (equivalent to approximately HK\$820.26 million) and RMB232 million (equivalent to approximately HK\$292.32 million), respectively. Such bank loans were guaranteed by Century Concord in favour of the Bank (the “**Guarantee**”) and secured by a deposit of approximately RMB22.08 million (equivalent to approximately HK\$27.82 million) made by Century Concord in favour of the Bank (the “**Security Deposit**”). Pursuant to the Agreement, Century Concord agreed to continue to provide the Guarantee at no cost for four months after the Target AIC Registration Date. If the Guarantee has not been released by the Bank by the date that is four months after the Target AIC Registration Date, the Purchaser shall pay Century Concord a fee calculated based on the rate of 3% per annum on the amount under the Guarantee for the period during which the Guarantee remains in place. In addition, within four months of the Target AIC Registration Date, the Purchaser shall procure that the Bank returns the Security Deposit to Century Concord or, alternatively, deposits with Century Concord an amount equal to the Security Deposit. If the Purchaser fails to do so, a daily late penalty of 0.05% on the amount of the Security Deposit shall be payable by the Purchaser to Century Concord for the period during which the Security Deposit remains in place.

Upon the release of the Guarantee and the return of the Security Deposit to Century Concord, Century Concord shall refund the deposit received from the Purchaser (if any) to the Purchaser.

Under the loan agreements with the Bank, transfers of equity interests in the Target and Shineng require the Bank’s prior consents. The Purchaser and the Vendor have been in discussions with the Bank regarding such consents and, as of the date of this announcement, the Company expects such consents would be obtained before the Target Completion. The Company may also consider other alternatives, such as repaying or refinancing the relevant loans, if the Target or Shineng does not obtain such consents from the Bank before the Target Completion.

#### **Other undertakings by the Vendor**

Whilst the Target Group has obtained the PRC land use right certificates for the land parcels used by Delingha Projects Phase I and Delingha Projects Phase II, as at the date of the Agreement the Target Group was still in the process of obtaining the PRC land use right certificates for the land parcels used by Delingha Projects Phase III and Gonghe Project Phase I. Both Delingha Projects Phase III and Gonghe Project Phase I have been in continuous operations and connected to the power grid since 2013 without such land use right certificates.

Pursuant to the Agreement, the Vendor has undertaken to obtain the land use right certificates for Delingha Projects Phase III by 27 April 2015 and Gonghe Project Phase I by 31 December 2015. The costs for obtaining these land use right certificates shall be borne by the Target Group. The Vendor has also undertaken that, in the event the foregoing land use right certificates are not obtained by the specified dates or there are other non-compliance events in respect of land use, the Vendor shall compensate the Purchaser for any losses incurred by the Purchaser, including but not limited to any administrative penalty, loss of on-grid tariff rights, suspension of operations or any other kinds of losses, and the Purchaser shall have the right to net-off any such losses against the outstanding consideration payable by the Purchaser for the Target Acquisition.

After the Target Completion, if the Purchaser terminates the Agreement because the land use right certificates for Delingha Projects Phase III and Gonghe Project Phase I have not been obtained within three months after the relevant dates specified above, the Purchaser may, at its discretion, exercise the Put Option and require the Vendor to repurchase the entire equity interest in the Target. Please see the section headed “Termination” below for further details.

The Vendor has also undertaken that the on-grid tariff for Delingha Projects Phase III would be RMB1/Kwh and to obtain the approval for such tariff from 青海省發展和改革委員會 (Qinghai Province Development and Reform Commission\*) by 31 December 2015. In the event that such approval is not obtained by 31 December 2015 or the approval results in an on-grid tariff for Delingha Projects Phase III that is less than RMB1/Kwh, the Vendor shall compensate the Purchaser for any losses incurred (based on the difference between the actual tariff and the expected tariff of RMB1/Kwh) from the date Delingha Projects Phase III became on-grid (being 25 December 2013), and the Purchaser shall have the right to net-off any such losses against the outstanding consideration payable by the Purchaser for the Target Acquisition.

As at the date of the Agreement, Delingha Projects and Gonghe Project Phase I were still in the process of obtaining certain required permits and approvals in relation to their operations. The Vendor has provided certain warranties and undertakings to the Purchaser in the Agreement with respect to the Target Group’s compliance with law and permits, which provide the Purchaser with the right to claim damages against the Vendor under certain circumstances. The projects have been in continuous operations and connected to the power grid since 2011 (in the case of Delingha Projects Phase I) and 2013 (in the case of the other projects).

### **Termination**

The Agreement may be terminated (i) by mutual consent of the parties thereto; (ii) by the parties thereto in the event that the Agreement does not become effective by 31 March 2015 (details of which are set out under the section headed “Effective Date of the Agreement” below); or (iii) by the Purchaser unilaterally under the circumstances described below.

The Purchaser has the right to unilaterally terminate the Agreement in the event that:

- (i) the Vendor deliberately conceals any material facts affecting the normal business operation and revenue of the Target Group’s power generation projects that, in the reasonable opinion of the Purchaser, results in the Purchaser’s inability to realise the objectives of the Agreement in performing its obligations under the Agreement;
- (ii) the approval of an on-grid tariff for Delingha Projects Phase III of RMB1/Kwh has not been obtained that, in the reasonable opinion of the Purchaser, results in the Purchaser’s inability to realise the objectives of the Agreement in performing its obligations under the Agreement;
- (iii) any of the land use right certificates for Delingha Projects Phase III and Gonghe Project Phase I, and the on-grid tariff approval for Delingha Projects Phase III, has not been obtained within three months after the prescribed dates in the Agreement;
- (iv) the Target AIC Registration Date is delayed for over one month; or

- (v) the settlement of the amounts due between the Target Group, on the one hand, and the Vendor and its related parties, on the other hand, or the fulfilment of any other obligations by the Vendor as required under the Agreement, is delayed for over four months.

In the event that the Purchaser terminates the Agreement pursuant to any of the abovementioned events:

- (i) if the Target AIC Registration Date has not occurred, the Vendor shall, within three business days after the Purchaser has served notice to terminate the Agreement, pay and refund the Purchaser the total expenses incurred by the Purchaser for the Transactions (including consideration paid, capital injection in the Target (if any), loans to the Target (if any) and guarantee given to the Target); or
- (ii) if the Target AIC Registration Date has occurred, the Purchaser is entitled to require (a) the Vendor to repurchase the entire equity interest in the Target (that is, exercise the Put Option) at the same aggregate consideration as that paid by the Purchaser under the Agreement; and (b) Century Concord to return all amounts that have been paid by the Purchaser to Century Concord pursuant to the Agreement.

The Agreement also provided that:

- (i) in the event that the Agreement is terminated before the Effective Date due to reasons caused by the Purchaser, or if the Purchaser does not obtain the requisite Shareholders' approval or complete the Stock Exchange review procedures for the Transactions on or before 31 March 2015, the Purchaser shall compensate the Vendor in the amount of RMB25 million (equivalent to approximately HK\$31.5 million), and the Vendor shall have the right to deduct such amounts from the Earnest Money paid by the Purchaser and return the remainder of the Earnest Money to the Purchaser; and
- (ii) in the event that the Agreement is terminated before the Effective Date due to reasons caused by the Vendor, or if the Vendor does not obtain the requisite shareholders' approval or complete the Stock Exchange review procedures for the Transactions on or before 31 March 2015, the Vendor shall compensate the Purchaser in the amount of RMB25 million (equivalent to approximately HK\$31.5 million).

### **The Put Option**

No option premium is payable for the Put Option under the Agreement. As described under the section headed "Termination" above, upon the exercise of the Put Option by the Purchaser, the total consideration receivable by the Purchaser from the Vendor for the Vendor's repurchase of the entire equity interest in the Target will be the same amount as the aggregate consideration paid by the Purchaser under the Agreement. Century Concord would also be required to return all amounts that have been paid by the Purchaser to Century Concord pursuant to the Agreement.

### **Effective Date of the Agreement**

The Agreement will become effective upon the Purchaser, the Vendor and Century Concord obtaining the requisite shareholders' approvals and completing the relevant Stock Exchange review procedures, save that provisions in the Agreement relating to the payment of the Earnest Money, termination, confidentiality, force majeure and dispute resolution became effective upon the signing of the Agreement by all parties.

In the event the Agreement does not become effective by 31 March 2015, the parties agree to terminate the Agreement. Please see the section headed “Termination” above for further details.

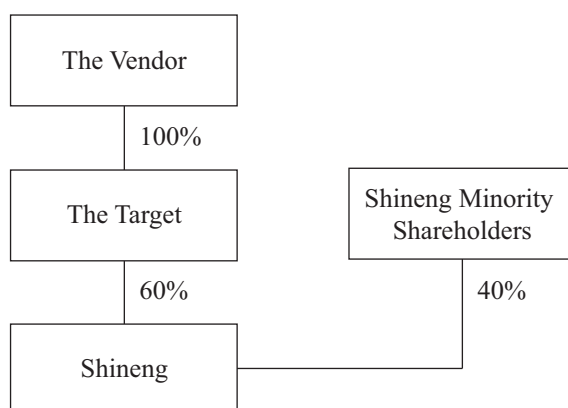
The Vendor agreed that, from the date of the Agreement until the termination of the Agreement, it will not hold discussions or execute any documents with any third parties involving any projects related to the Target Group.

## INFORMATION ON THE TARGET GROUP

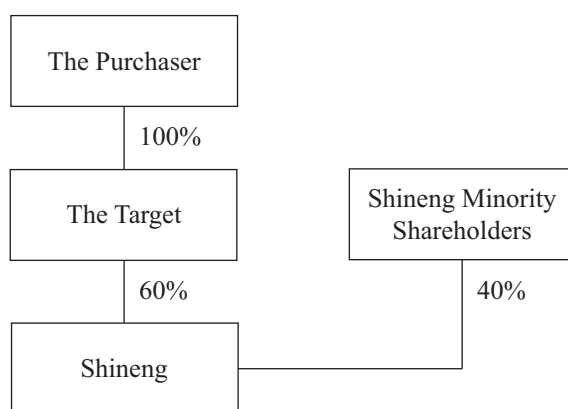
### Shareholding Structure of the Target Group

Set out below are the shareholding structure of the Target Group (i) as at the date of the Agreement; (ii) upon the Target Completion (assuming the Shineng Completion has not yet occurred); and (iii) upon the Target Completion and the Shineng Completion.

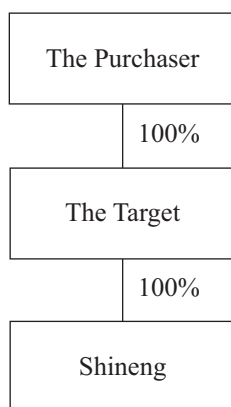
(i) *As at the date of the Agreement*



(ii) *Upon the Target Completion (assuming the Shineng Completion has not yet occurred)*



*(iii) Upon the Target Completion and the Shineng Completion*



**Information about the Target Group**

*The Target*

The Target is a company established under the laws of the PRC with limited liability on 28 June 2011. The Target is wholly owned by the Vendor and its registered capital is RMB222 million (equivalent to approximately HK\$279.72 million). The Target is principally engaged in the development and operation of the Delingha Projects. The Delingha Projects are located in Delingha City, Qinghai Province, the PRC and consist of three solar power stations in three phases, namely Delingha Projects Phase I (with a production capacity of 30MW), Delingha Projects Phase II (with a production capacity of 20MW) and Delingha Projects Phase III (with a production capacity of 20MW).

As at the date of this announcement, construction of the Delingha Projects has been completed and the Delingha Projects are in operation. The Target has signed the grid connection agreements and the power supply agreements for the Delingha Projects with Qinghai Electric and the three phases have been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since December 2011 (for Delingha Projects Phase I), January 2013 (for Delingha Projects Phase II) and December 2013 (for Delingha Projects Phase III). Qinghai Electric is a wholly-owned subsidiary of the State Grid Corporation of China and is mainly engaged in the construction, operation and development of the power grid in Qinghai Province, the PRC.

Pursuant to notices issued by 青海省發展和改革委員會 (Qinghai Province Development and Reform Commission\*) dated 30 December 2011 and 22 November 2013, Delingha Projects Phase I and Delingha Projects Phase II operate at the on-grid tariff of RMB1.15/KWh and RMB1/KWh respectively. Pursuant to the Agreement, the Vendor has committed to obtain an on-grid tariff approval of RMB1/KWh for Delingha Projects Phase III by 31 December 2015.

*Shineng*

Shineng is a company established under the laws of the PRC with limited liability on 21 May 2012. As at the date of the Agreement, Shineng is owned as to 60% by the Target and as to 40% by the Shineng Minority Shareholders, with a registered capital of RMB60 million (equivalent to approximately HK\$75.6 million). It is principally engaged in the development and operation of Gonghe Project Phase I. Gonghe Project Phase I is located at Gonghe County, Qinghai Province, the PRC and consists of one solar power station with a production capacity of 30MW.

As at the date of this announcement, construction of Gonghe Project Phase I has been completed and Gonghe Project Phase I is in operation. Shineng has signed the grid connection agreements and the power supply agreements for Gonghe Project Phase I with Qinghai Electric and Gonghe Project Phase I has been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since June 2013.

Pursuant to notices issued by 青海省發展和改革委員會 (Qinghai Province Development and Reform Commission\*) dated 22 November 2013, Gonghe Project Phase I operates at the on-grid tariff of RMB1/KWh.

### **Financial Information on the Target Group**

Set out below is the unaudited financial information of the Target (including its 60% equity interest in its joint venture, Shineng) for the years ended 31 December 2012 and 31 December 2013 and as at 30 September 2014 as prepared in accordance with the accounting policies adopted by the Company:

	<b>For the year ended 31 December 2012 (Unaudited)</b>	<b>For the year ended 31 December 2013 (Unaudited)</b>
<b>Profit before taxation</b>	RMB17,793,000 (equivalent to approximately HK\$22,419,000)	RMB16,224,000 (equivalent to approximately HK\$20,442,000)
<b>Profit after taxation</b>	RMB17,793,000 (equivalent to approximately HK\$22,419,000)	RMB16,224,000 (equivalent to approximately HK\$20,442,000)
		<b>As at 30 September 2014 (Unaudited)</b>
<b>Net assets</b>		RMB228,615,000 (equivalent to approximately HK\$288,055,000)

Set out below is the unaudited financial information of Shineng for the period since the incorporation date of Shineng on 21 May 2012 to 31 December 2012, the year ended 31 December 2013 and as at 30 September 2014 as prepared in accordance with the accounting policies adopted by the Company:

	<b>For the period since the incorporation date of Shineng on 21 May 2012 to 31 December 2012 (Unaudited)</b>	<b>For the year ended 31 December 2013 (Unaudited)</b>
<b>(Loss)/profit before taxation</b>	(RMB144,000) (equivalent to approximately (HK\$181,000))	RMB3,880,000 (equivalent to approximately HK\$4,889,000)
<b>(Loss)/profit after taxation</b>	(RMB605,000) (equivalent to approximately (HK\$762,000))	RMB3,880,000 (equivalent to approximately HK\$4,889,000)
		<b>As at 30 September 2014 (Unaudited)</b>
<b>Net assets</b>		RMB63,147,000 (equivalent to approximately HK\$79,565,000)

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Group is principally engaged in the development, construction, investment, operation and management of solar power station projects, the provision of energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to its customers and joint venture partners and the manufacturing and selling of printed circuit boards.

Recently, the PRC government has been adopting policies which support solar energy development, resulting in the rapid growth of the solar energy industry. According to the National Energy Administration of PRC, the existing installed solar capacity in the PRC in 2013 amounted to 6.5GW, and the total new installed solar capacity in the PRC in 2013 amounted to 12.9GW, representing a growth of 198%. Among the cumulative installed solar capacity in the PRC in 2013 of 19.4GW, solar farms amounted to 16.3GW and distributed systems amounted to 3.1GW. In respect of the solar farms, 468 solar power plants were built in 2013 to increase the total number of solar power plants to 741, representing a growth of 171%.

Given the continuous growth of the solar energy industry in the PRC, the Directors are optimistic about the long-term development and prospects of the solar energy business in the PRC. As part of the business plan as stated in the annual report of the Company for the year ended 31 March 2014, the Group has been actively looking at potential investment

opportunities in the solar energy sectors. The Group has entered into certain subscription agreements, an investment agreement and a cooperation agreement in relation to the acquisitions of companies engaged in the solar energy business, details of which are set out in the announcements of the Company dated 26 August 2014, 8 September 2014 and 6 October 2014.

According to the unaudited financial results of the Target Group (details of which are set out in the section headed “Financial Information on the Target Group” above), the Target Group has been profit making over the past two financial years. Taking into account the Target Group’s established scale of operation and historical financial performance, together with the increasing demand for renewable energy in the PRC and the synergy expected to be generated between the Target Group and the existing business of the Group, the Directors consider that the Transactions represent an appealing opportunity for the Group to enhance its financial results as well as to continue the development and diversification of its solar energy business.

The aggregate consideration for the entire equity interest in the Target and Shineng was RMB314 million (equivalent to approximately HK\$395.64 million), which was determined after arm’s length negotiation between the Purchaser and the Vendor with reference to:

- (i) the historical financial performance of the Target Group;
- (ii) the prospect of the solar energy business in the PRC;
- (iii) the fact that the aggregate consideration would price the Delingha Projects and Gonghe Project Phase I at approximately RMB12 per watt of production capacity (being the multiple of enterprise value per unit production capacity, which is a measure commonly used in the solar power industry in the PRC to compare the implied value of solar power plants); and
- (iv) the long term debt of the Target Group of approximately RMB883 million (equivalent to approximately HK\$1,122.58 million) as at 30 September 2014 (which has been deducted from the enterprise value determined at approximately RMB12 per watt of production capacity as mentioned above to arrive at the aggregate consideration).

Having considered the above and other relevant factors as disclosed in this announcement, the Directors are of the view that the Transactions (including the consideration for each of the Transactions), the Put Option and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Century Concord, China WindPower and each Shineng Minority Shareholder is a third party independent of the Company and its connected persons.

As one or more of the applicable percentage ratios in respect of the Transactions (in aggregate) exceeds 25% but all are less than 100%, the Transactions constitute a major transaction of the Company and therefore are subject to notification, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Transactions which is different from other Shareholders, and thus no Shareholder is required to abstain from voting at a general



meeting to approve the Transactions if such a general meeting were to be convened. The Company will request a written Shareholder's approval for the Transactions from Elite Time Global Limited (an indirect wholly-owned subsidiary of GCL Poly), the controlling shareholder of the Company which currently holds 8,640,000,000 Shares (representing approximately 62.28% of the issued share capital of the Company as at the date of this announcement). If the Company receives such written Shareholder's approval, no Shareholders' meeting will be held to approve the Transactions pursuant to Rule 14.44 of the Listing Rules.

If the Company exercises the Put Option, the Company will comply with the applicable notification, announcement and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, (i) details of the Agreement, the Transactions and the Put Option; (ii) financial and other information of the Target Group; (iii) financial information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 24 December 2014.

## DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 3 December 2014 entered into between the Purchaser, the Vendor and Century Concord in relation to the Transactions and the Put Option
“Bank”	China Development Bank
“Board”	the board of Directors
“Century Concord”	協合風電投資有限公司 (Century Concord Wind Power Investment Co., Ltd.*), a company established under the laws of the PRC with limited liability
“China WindPower”	China WindPower Group Limited, a company incorporated in Bermuda with limited liability and the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 182)
“Company”	GCL New Energy Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 451)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Delingha Projects Phase I”	a project which involves the development and operation of a 30MW solar power station located on 77.9 hectares of land in Delingha City, Qinghai Province, the PRC

“Delingha Projects Phase II”	a project which involves the development and operation of a 20MW solar power station located on 38 hectares of land in Delingha City, Qinghai Province, the PRC
“Delingha Projects Phase III”	a project which involves the development and operation of a 20MW solar power station located on 44.8611 hectares of land in Delingha City, Qinghai Province, the PRC
“Delingha Projects”	collectively, Delingha Projects Phase I, Delingha Projects Phase II and Delingha Projects Phase III
“Director(s)”	director(s) of the Company
“Earnest Money”	collectively, the Deposit and the Additional Earnest Money, details of which are set out under the section headed “Payment of Earnest Money” in this announcement
“Effective Date”	the day on which the Agreement becomes effective, details of which are set out under the section headed “Effective Date of the Agreement” in this announcement
“Enlarged Group”	the Group upon the Target Completion and the Shineng Completion
“GCL New Energy (China)”	協鑫新能源投資(中國)有限公司 (GCL New Energy Investment (China) Co., Ltd.*), a company established under the laws of the PRC with limited liability
“GCL New Energy Development”	GCL New Energy Development Limited, a company established under the laws of Hong Kong with limited liability
“GCL Poly”	GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800)
“Gonghe Project Phase I”	a project which involves the development and operation of a 30MW solar power station located on 70 hectares of land in Gonghe County, Qinghai Province, the PRC
“Group”	the Company and its subsidiaries
“GW”	gigawatt(s)
“Hong Kong”	the Hong Kong Special Administrative Region
“JX LDK Solar”	江西賽維LDK太陽能高科技有限公司 (Jiangxi LDK Solar Company Limited*), a company established under the laws of 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, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Company Limited*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Put Option”	an option granted by the Vendor to the Purchaser under the Agreement pursuant to which, following the Target Completion, the Purchaser is entitled to require the Vendor to repurchase the entire equity interest in the Target under certain circumstances as prescribed in the Agreement
“Qinghai Electric”	青海省電力公司 (Qinghai Electric Power Company*), a wholly-owned subsidiary of State Grid Corporation of China, which is mainly engaged in the construction, operation and development of the power transmission grid in Qinghai Province, the PRC
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollars (equivalent to HK\$0.00416) each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shineng”	海南省世能光伏發電有限公司 (Hainanzhou Shineng Photovoltaic Power Co., Ltd.*), a company established under the laws of the PRC with limited liability
“Shineng Acquisition”	the acquisition by the Purchaser, through the Target, of the 40% equity interest in Shineng owned by the Shineng Minority Shareholders pursuant to the terms and conditions of the Agreement
“Shineng Completion”	completion of the Shineng Acquisition
“Shineng Minority Shareholders”	holders of the 40% equity interest in Shineng that is not owned by the Target as at the date of the Agreement, namely Mr. Xu Jianing* (徐家寧) and Mr. Jin Yi* (金一)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Target”	德令哈協合光伏發電有限公司 (Delingha Century Concord Photovoltaic Power Co., Ltd.*), a company established under the laws of the PRC with limited liability
“Target Acquisition”	the acquisition by the Purchaser of the entire equity interest in the Target owned by the Vendor pursuant to the terms and conditions of the Agreement

“Target AIC Registration Date”	the date the Target completes changes to its PRC industrial and commercial registration to effect the Target Acquisition
“Target Completion”	completion of the Target Acquisition
“Target Group”	the Target and Shineng
“Transactions”	collectively, the transactions contemplated under the Agreement, including the Target Acquisition, the Shineng Acquisition, the payment of the Advance by the Purchaser to the Vendor for the Vendor to settle the LDK Payable on behalf of the Target and the Interest Payment
“Vendor”	銀華協合新能源投資有限公司 (Yinhua Century Concord New Energy Investment Limited*), a company established under the laws of the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Per cent.

\* *For identification purpose only. The Chinese names of the PRC entities and individuals have been translated into English in this announcement. In the event of any discrepancies between the Chinese names and the English translation, the Chinese names prevail.*

*For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB herein is translated at the rate RMB1.0 = HK\$1.26. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.*

By order of the Board  
**GCL New Energy Holdings Limited**  
**協鑫新能源控股有限公司**  
**Tang Cheng**  
*Chairman*

Hong Kong, 4 December 2014

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Zhang Guoxin, Mr. Gu Xin, Ms. Hu Xiaoyan and Mr. Yip Sum Yin; two non-executive Directors, namely Ms. Sun Wei and Mr. Yu Baodong; and four independent non-executive Directors, namely Mr. Wang Bohua, Mr. Xu Songda, Mr. Han Qinghua and Mr. Lee Conway Kong Wai.*