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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:**

- (1) THE PARTICIPATION;**
- (2) THE PROVISION OF THE GUARANTEE BY SUZHOU GCL;**
- AND**
- (3) THE GRANT OF THE OPTION BY SUZHOU GCL**

#### **THE PARTNERSHIP AGREEMENT**

On 21 November 2017, the Partners entered into the Partnership Agreement in relation to the establishment of the Limited Partnership. The Limited Partnership will primarily invest in photovoltaic power projects. Pursuant to the terms of the Partnership Agreement, each of Partner C and Suzhou GCL shall (1) participate in the Limited Partnership as a junior limited partner with a capital contribution of RMB150,000,000, respectively; (2) provide the Guarantee in favour of Partner B on a several basis and in the proportion of 50:50 between themselves; and (3) grant the Option to Partner B. The maximum aggregate amount payable by Suzhou GCL under the Guarantee and the Option is RMB593,165,250.

#### **THE LETTER OF UNDERTAKING**

On 21 November 2017, the Company, Suzhou GCL and Partner B entered into the Letter of Undertaking, pursuant to which the Company undertakes to guarantee the obligations of Suzhou GCL under the Partnership Agreement.

#### **LISTING RULES IMPLICATIONS**

One of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Participation, the provision of the Guarantee by Suzhou GCL and the grant of the Option by Suzhou GCL on an aggregated basis is more than 5% but below 25%, the Participation, the provision of the Guarantee by Suzhou GCL and the grant of the Option by Suzhou GCL on an

aggregated basis constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## THE PARTNERSHIP AGREEMENT

On 21 November 2017, the Partners entered into the Partnership Agreement in relation to the establishment of the Limited Partnership.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Partners (apart from Suzhou GCL) and their respective ultimate beneficial owners are independent of the Company and its connected persons.

The principal terms of the Partnership Agreement in relation to the Limited Partnership are set out below.

### Capital contribution

Suzhou GCL will participate in the Limited Partnership as a junior limited partner with a capital contribution of RMB150,000,000. The maximum capital contribution to be made by each of the Partners to the Limited Partnership in cash is set out as follows:

<b>Partners</b>	<b>Total maximum capital contribution (RMB)</b>	<b>Approximate equity interest in the Limited Partnership (%)</b>
Partner A as the general and executive partner	100,000	0.01
Partner B as the senior limited partner	699,900,000	69.99
Partner C as a junior limited partner	150,000,000	15.00
Suzhou GCL as a junior limited partner	<u>150,000,000</u>	<u>15.00</u>
<b>Total</b>	<u><u>1,000,000,000</u></u>	<u><u>100.00</u></u>

### Business scope

The principal business scope of the Limited Partnership is equity investment. The Limited Partnership will primarily invest in photovoltaic power projects.

## **Term**

Unless otherwise unanimously agreed by the Partners, the term of the Limited Partnership is ten years.

## **Decision making**

An investment committee comprising five members nominated by Partner A will be set up for all investment decisions of the Limited Partnership. Each of the limited partners is entitled to recommend one member to the investment committee. Any resolution of the investment committee has to be passed by all members. Partner A is vested with the authority to manage daily business and operation of the Limited Partnership.

## **Distributions**

Distributions shall be made by the Limited Partnership in the following order:

- (1) to the senior limited partner (i.e. Partner B) in respect of the Senior Return on a bi-annual basis within 21 days at the end of each bi-annual period;
- (2) to the Partners to the extent of their capital contributions in the order of the senior limited partner, the junior limited partners (i.e. Partner C and Suzhou GCL) and the general partner (i.e. Partner A); and
- (3) to the junior limited partners for any remaining distributions upon the liquidation of the Limited Partnership.

## **Loss sharing**

Any loss incurred by the Limited Partnership will be borne in the following order:

- (1) by the general partner and the junior limited partners on a pro rata basis and to the extent of their respective capital commitments;
- (2) by the senior limited partner to the extent of its capital commitment; and
- (3) by the general partner for any further loss.

## **The Guarantee and the Option**

Pursuant to the Partnership Agreement, Partner B is entitled to exit its investment in the Limited Partnership at its own discretion in the following manner:

- (1) requiring the Limited Partnership to acquire the Senior Interest by paying the capital contributions made by Partner B together with the corresponding outstanding Senior Return. If the Limited Partnership has insufficient net asset or cash flow to fulfil such obligations, each of the junior limited partners shall, on a several basis and in the proportion of 50:50, indemnify to pay such shortfall amount in cash to Partner B; or
- (2) exercising the Option by paying the capital contributions made by Partner B together with the corresponding outstanding Senior Return.

Notwithstanding either one of the exit mechanisms as set out above, the Senior Interest and the corresponding outstanding Senior Return shall be settled by the Limited Partnership and/or the junior limited partners (as the case may be) in two tranches:

- (1) 50% of the Senior Interest and the corresponding outstanding Senior Return shall be settled on the day immediately before the end of the fifth anniversary of the date of each respective capital contribution made by Partner B; and
- (2) 50% of the Senior Interest and the corresponding outstanding Senior Return shall be settled on the day immediately before the end of the sixth anniversary of the date of each respective capital contribution made by Partner B.

In addition, Partner B is entitled to exercise the Option after the occurrence of one of the specified events as prescribed in the Partnership Agreement during the term of the Limited Partnership (including but not limited to, the occurrence of illegality in the structures or projects invested by the Limited Partnership, the cessation of business licence of the Limited Partnership, failure for any of the junior limited partners to fulfil its required committed capital contributions to the Limited Partnership). The junior limited partners are obliged to complete the acquisitions within 15 days after the date of notice from Partner B by paying the Senior Interest and the corresponding outstanding Senior Return, failure of which the relevant junior limited partner shall be subject to a liquidated damage of 0.05% per day commencing from the payment default date. As the exercise of the Option is not at the Suzhou GCL's discretion, the Option is classified as if it had been exercised upon its grant.

Pursuant to the Partnership Agreement, the junior limited partners shall indemnify to pay the Senior Return to Partner B on a several basis and in the proportion of 50:50 if the Limited Partnership fails to settle the Senior Return in the manner as described in the paragraph headed "Distributions" in this announcement.

The maximum aggregate amount under the Guarantee and the Option is RMB1,186,330,500, representing the maximum capital contribution to be made by Partner B of RMB699,900,000 and the maximum aggregate amount of the Senior Return of RMB486,430,500 on the maximum outstanding capital contribution of Partner B over the ten-year term of the Limited Partnership. The Guarantee and the Option shall be borne by Partner C and Suzhou GCL on a several basis and in the proportion of 50:50 between themselves. Accordingly, the maximum amount payable by Suzhou GCL under the Guarantee and the Option is RMB593,165,250.

## **THE LETTER OF UNDERTAKING**

On 21 November 2017, the Company, Suzhou GCL and Partner B entered into the Letter of Undertaking, pursuant to which the Company undertakes to guarantee the obligations of Suzhou GCL under the Partnership Agreement.

## **INFORMATION OF THE PARTIES UNDER THE PARTNERSHIP AGREEMENT AND THE LETTER OF UNDERTAKING**

### **Partner A**

Partner A is a limited liability company established in the PRC and is principally engaged in the provision of assets management, investment management and investment consultation services.

### **Partner B**

Partner B is a limited liability company established in the PRC and the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ.000728). It is principally engaged in the provision of financial services including securities brokerage, securities trust, insurance and asset management services.

### **Partner C**

Partner C is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of BECE. It is principally engaged in trading of equipment and provision of technical consultancy service in relation to photovoltaic power business.

### **The Group**

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

Suzhou GCL is a limited liability company established in the PRC and an indirect subsidiary of the Company.

## **FINANCIAL IMPACT UPON COMPLETION OF THE PARTICIPATION AND THE ACQUISITION OF THE SENIOR INTEREST**

Upon completion of the Participation, Suzhou GCL will own approximately 15% in the Limited Partnership as a junior limited partner. Upon completion of the acquisition of the Senior Interest by Suzhou GCL, the Group will own approximately 35% in the Limited Partnership as a senior limited partner and approximately 15% in the Limited Partnership as a junior limited partner. The Limited Partnership will become a joint venture of the Group and the financial results of the Limited Partnership will not be consolidated by the Group. The Group intends to fund the Participation and the acquisition of the Senior Interest by its internal resources and/or bank borrowings.

## **FINANCIAL INFORMATION OF THE LIMITED PARTNERSHIP**

The Limited Partnership does not have historical financial results as at the date of this announcement.

## **REASONS FOR AND BENEFIT OF THE PARTICIPATION, THE GUARANTEE AND THE OPTION**

The Limited Partnership will primarily invest in photovoltaic power projects, which is in line with the business strategy of the Group. The Directors believe that the investment in the Limited Partnership, represents a good investment opportunity and the Company anticipates a reasonable return from these investments. At the same time, the Group's investment in the Limited Partnership may provide an additional source of funding for the development and operation of the Group's projects.

The terms of the Partnership Agreement and Letter of Undertaking were determined after arm's length negotiations among the Company and the Partners (other than Suzhou GCL) (as appropriate) with reference to the projected capital requirement of the Limited Partnership and the expected rate of return on capital from the Partners.

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

## **LISTING RULES IMPLICATIONS**

One of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Participation, the provision of the Guarantee by Suzhou GCL and the grant of the Option by Suzhou GCL on an aggregated basis is more than 5% but below 25%, the Participation, the provision of the Guarantee by Suzhou GCL and the grant of the Option by Suzhou GCL on an aggregated basis constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“BECE”	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1250)
“Board”	the board of Directors
“Company”	協鑫新能源控股有限公司 (GCL New Energy Holdings Limited), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 451)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the provision of the guarantee by Partner C and Suzhou GCL on a several basis and in the proportion of 50:50 in the maximum amount of RMB1,186,330,500 in favour of Partner B with respect of the payment obligations of the Limited Partnership for the Senior Interest and the Senior Return to Partner B under the Partnership Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Letter of Undertaking”	the letter of undertaking dated 21 November 2017 entered into by the Company, Suzhou GCL and Partner B in relation to the undertaking
“Limited Partnership”	a limited partnership to be established in the PRC pursuant to the Partnership Agreement under the name of 銅陵徽銀北控新能源投資合夥企業(有限合夥) (Tongling Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Option”	the right for Partner B to require Partner C and Suzhou GCL acquiring the Senior Interest on a several basis and in the proportion of 50:50
“Participation”	Suzhou GCL’s participation in the Limited Partnership as a junior limited partner with a maximum capital contribution of RMB150,000,000
“Partner A”	菡萏（上海）資產管理有限公司 (Handan (Shanghai) Assets Management Co., Ltd.*), a limited liability company established in the PRC
“Partner B”	國元證券股份有限公司 (Guoyuan Securities Co., Ltd.*), a limited liability company established in the PRC and the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ.000728)
“Partner C”	北京北控光伏科技發展有限公司 (Beijing Enterprises Photovoltaic Development Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of BECE
“Partners”	collectively, Partner A, Partner B, Partner C and Suzhou GCL
“Partnership Agreement”	the agreement entered into on 21 November 2017 among the Partners for the establishment of the Limited Partnership
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Senior Interest”	approximately 69.99% equity interest in the Limited Partnership held by Partner B as the senior limited partner
“Senior Return”	the return on the Senior Interest in a maximum aggregate amount of RMB486,430,500 calculated at a simple annualised rate of return of 6.95% on the outstanding capital contribution of Partner B over the ten-year term of the Limited Partnership
“Share(s)”	ordinary share(s) 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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou GCL”	蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Co., Ltd.*), a limited liability company established in the PRC and an indirect subsidiary of the Company
“Subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent

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, 21 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.*

\* *For identification purpose only*