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**GCL-Poly Energy Holdings Limited**

**保利協鑫能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3800)**



**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  
SEPCOIII ELECTRIC POWER CONSTRUCTION CO., LTD.\***

**DISCLOSEABLE TRANSACTION WITH SHANDONG ELECTRIC**

On 16 May 2018, GNE, through its subsidiaries, entered into the following agreements with Shandong Electric:

- (1) the Nanzhao PC Agreement between Nanzhao Xinli as principal and Shandong Electric as contractor in relation to the Nanzhao Project at an estimated consideration of RMB489,056,916;
- (2) the Nanzhao PC Supplemental Agreement between Suzhou GCL New Energy and Nanzhao Xinli as joint principals and Shandong Electric as contractor under which Suzhou GCL New Energy agreed to undertake Nanzhao Xinli's obligations and liabilities under the Nanzhao PC Agreement;
- (3) the Nanzhao GNE Guarantee between GNE and Shandong Electric in connection with the guarantee provided by GNE to Shandong Electric in respect of Nanzhao Xinli's obligations under the Nanzhao PC Agreement; and
- (4) the Nanzhao Equipment Purchase Agreement between Shandong Electric as customer and Zhenjiang GCL New Energy as supplier and Nanzhao Xinli as principal in relation to the sale and purchase of certain solar power station equipment for the Nanzhao Project at a consideration of RMB391,467,677.

(together, the "Nanzhao PC and Equipment Purchase Agreements")

## **LISTING RULES IMPLICATIONS**

### **GCL-Poly**

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

### **GNE**

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

## **1. PRINCIPAL TERMS OF THE NANZHAO PC AGREEMENT**

### **(i) Date**

16 May 2018

### **(ii) Parties**

(a) Principal: Nanzhao Xinli

(b) Contractor: Shandong Electric

### **(iii) Subject Matter**

Nanzhao Xinli agreed to engage Shandong Electric to provide PC services in relation to the Nanzhao Project. The relevant construction work will commence pursuant to the notice of commencement given by Nanzhao Xinli. It is expected that the full-on-grid connection for the Nanzhao Project will be completed on 20 September 2018. By 20 October 2018, all PC work will be completed 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 after the test run. The Construction Completion Certificate (工程竣工驗收鑒定書) will be obtained within one month after the issuance of the Test Run and Quality Check Certificate.

**(iv) Basis of Consideration**

The consideration for the solar power station equipment and services under the Nanzhao PC Agreement is estimated to be RMB489,056,916, comprising:

- (a) solar power station equipment fee for an estimated amount of RMB408,085,950; and
- (b) construction services fee for an estimated amount of RMB80,970,966.

The final consideration may be adjusted if (a) Nanzhao Xinli has changed the capacity of the power station which results in a change in the quantity of construction work; or (b) there are substantial adjustments between the construction plan and the tender documents which result in a cumulative amount of more than RMB300,000.

The Nanzhao PC 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 Nanzhao PC Agreement; (b) the profit margin of the Nanzhao 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 Nanzhao PC Agreement shall be paid by Nanzhao Xinli to Shandong Electric in accordance with the following milestones:

***Payment terms for the solar power station equipment***

**First instalment:** 90% of the estimated equipment fees shall be paid by Nanzhao Xinli to Shandong Electric upon completion and certification of the Nanzhao Project.

**Second instalment:** 10% of the estimated equipment fees shall be payable within 7 days after the date on which Shandong Electric pays the deposit under the Nanzhao Equipment Purchase Agreement.

***Payment terms for construction service fee and construction materials relating to the Nanzhao Project***

**First instalment:** 10% of the estimated service fees shall be paid by Nanzhao Xinli to Shandong Electric as deposit upon signing of the Nanzhao PC Agreement.

**Second instalment:** 75% (in aggregate) of the estimated service fees within 3 months from the date on which full capacity of the on-grid power connection facilities for the Nanzhao Project are in place.

**Third instalment:** 97% (in aggregate) of the estimated service fees shall be paid by Nanzhao Xinli to Shandong Electric once all the construction work is completed, the solar power station has been handed over after inspection and all accounts have been settled.

**Fourth instalment:** The remaining 3% of the estimated service fees shall be paid by Nanzhao Xinli to Shandong Electric after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Shandong Electric.

**(vi) Guarantee**

Pursuant to the Nanzhao GNE Guarantee, GNE has agreed to provide a guarantee for RMB489,056,916, being the total contract price, as well as for damages, legal fees, administrative fees and other amounts due to Shandong Electric in respect of Nanzhao Xinli's obligations under the Nanzhao PC Agreement.

**(vii) Nanzhao PC Supplemental Agreement**

Pursuant to the Nanzhao PC Supplemental Agreement, Suzhou GCL New Energy and Nanzhao Xinli will act as joint principals and agreed to engage Shandong Electric as contractor to provide PC services in relation to the Nanzhao Project. Suzhou GCL New Energy and Nanzhao Xinli agreed to undertake the relevant obligations and liabilities under the Nanzhao PC Agreement.

Furthermore, Suzhou GCL New Energy and Nanzhao Xinli, as joint principals, undertake that:

- (a) if a bank loan has been obtained using the Nanzhao Project and the income arising from electricity generated from the Nanzhao Project as security, the joint principals shall, immediately and with first priority, pay Shandong Electric the amounts advanced by Shandong Electric under the Nanzhao PC Agreement utilizing funds from the bank loan; and
- (b) prior to obtaining the bank loan, the joint principals shall pledge all of Nanzhao Project's income arising from electricity generation and account receivables to Shandong Electric.

## 2. PRINCIPAL TERMS OF THE NANZHAO EQUIPMENT PURCHASE AGREEMENT

### (i) Date

16 May 2018

### (ii) Parties

- (a) Principal: Nanzhao Xinli
- (b) Supplier: Zhenjiang GCL New Energy
- (c) Customer: Shandong Electric

### (iii) Subject Matter

Zhenjiang GCL New Energy agreed to supply, and Shandong Electric agreed to purchase certain solar power station equipment for a consideration of RMB391,467,677 for the Nanzhao Project.

### (iv) Basis of Consideration

The Nanzhao 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 Nanzhao Equipment Purchase Agreement shall be paid by Shandong Electric to Zhenjiang GCL New Energy in accordance with the following milestones:

**First instalment:** 90% of the total consideration shall be paid by Shandong Electric to Zhenjiang GCL New Energy within two (2) weeks from the date on which Shandong Electric receives the prepayment for the solar power station equipment from Nanzhao Xinli under the Nanzhao PC Agreement.

**Second instalment:** 10% of the total consideration shall be paid by Shandong Electric to Zhenjiang GCL New Energy after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Zhenjiang GCL New Energy.

### 3. REASONS FOR AND BENEFITS OF THE TRANSACTION

As a developer of photovoltaic power station project, the GNE Group has to engage contractors to provide PC services to construct its power generation projects. Shandong Electric is an established EPC contractor and has extensive local resources. The GNE Group believes that it can deliver service at a quality standard which meets the expectations of the GNE Group.

Under the Nanzhao Equipment Purchase Agreement, Zhenjiang GCL New Energy sells certain solar power station equipment (the “**Solar Power Station Equipment**”) to Shandong Electric. Zhenjiang GCL New Energy purchases the Solar Power Station Equipment from its suppliers under the relevant supply agreements (the “**Supply Agreements**”) on different payment terms than those under the Nanzhao Equipment Purchase Agreement. Under the Supply Agreements, payment by Zhenjiang GCL New Energy is by instalments over a one-year period following the signing of the relevant Supply Agreements, whereas under the Nanzhao Equipment Purchase Agreement, Zhenjiang GCL New Energy receives 90% of the total consideration from Shandong Electric within 2 weeks of the signing of the Nanzhao Equipment Purchase Agreement.

The GNE Group will therefore be able to benefit from the short term use of the sales proceeds under the Nanzhao Equipment Purchase Agreement (the “**Sales Proceeds**”) prior to paying its suppliers under the Supply Agreements.

Under the Nanzhao PC Agreement, Shandong Electric sells the Solar Power Station Equipment to the GNE Group at a premium of the consideration payable by Shandong Electric under the Nanzhao Equipment Purchase Agreement. The GNE Directors consider the premium is more favourable than the prevailing market interest rate available to the GNE Group.

Based on the above reasons, the GNE Directors believe and consider that the terms of the Nanzhao PC and Equipment Purchase Agreements are fair and reasonable and are in the interests of GNE and GNE Shareholders as a whole.

Based on the views of the GNE Directors and having considered all relevant factors, the GCL-Poly Directors consider that the terms of the Nanzhao PC and Equipment Purchase Agreements are fair and reasonable and on normal commercial terms and are in the interest of the GCL-Poly and GCL-Poly Shareholders as a whole.

#### **4. LISTING RULES IMPLICATIONS**

##### **GCL-Poly**

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

##### **GNE**

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

#### **5. INFORMATION ABOUT GCL-POLY, GNE AND SHANDONG ELECTRIC**

##### **GCL-Poly**

GCL-Poly is an investment company and its subsidiaries are principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, owning and operation of solar farms. As at the date of this announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of GNE.

##### **GNE**

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

##### **Shandong Electric**

Shandong Electric is principally engaged in the construction of various type of power plants, including thermal power, nuclear power, concentrating solar power, wind power, photovoltaic power, biomass power, transformer substation and sea water desalination, and is a wholly-owned subsidiary of Power Construction Corporation of China.

To the best of the GCL-Poly Directors' and GNE Directors' knowledge, information and belief after having made all reasonable enquiries, Shandong Electric and its ultimate beneficial owner(s) are third parties independent of GCL-Poly and GNE and their respective connected persons.

## 6. DEFINITIONS

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

“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), 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: 3800). As at the date of this announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of GNE
“GCL-Poly Board”	the board of GCL-Poly Directors
“GCL-Poly Directors”	the directors of GCL-Poly
“GCL-Poly Shareholders”	the shareholders of GCL-Poly
“GNE”	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)
“GNE Board”	the board of GNE Directors
“GNE Directors”	the directors of GNE
“GNE Group”	GNE and its subsidiaries
“GNE Shareholders”	the shareholders of GNE
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Nanzhao Equipment Purchase Agreement”	the equipment purchase agreement dated 16 May 2018 entered into between Shandong Electric as customer, Zhenjiang GCL New Energy as supplier and Nanzhao Xinli as principal in relation to the sale and purchase of certain solar power station equipment for the Nanzhao Project



“Nanzhao GNE Guarantee”	the agreement dated 16 May 2018 entered into between GNE and Shandong Electric in connection with the guarantee provided by GNE to Shandong Electric in respect of Nanzhao Xinli’s obligations under the Nanzhao PC Agreement
“Nanzhao PC Agreement”	the PC agreement dated 16 May 2018 entered into between Nanzhao Xinli as principal and Shandong Electric as contractor for the Nanzhao Project
“Nanzhao PC Supplemental Agreement”	the PC supplemental agreement dated 16 May 2018 entered into between Suzhou GCL New Energy and Nanzhao Xinli as joint principals and Shandong Electric as contractor for the Nanzhao Project
“Nanzhao Project”	the 100MW photovoltaic power station project located in Nanyang City, Nanzhao County of Henan Province, the PRC
“Nanzhao Xinli”	Nanzhao Xinli Photovoltaic Power Co., Ltd.* (南召鑫力光伏電力有限公司), an indirect subsidiary of GCL-Poly and GNE which is incorporated in the PRC with limited liability
“PC”	procurement and construction
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Electric”	SEPCOIII Electric Power Construction Co., Ltd.* (山東電力建設第三工程有限公司), 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 Co., Ltd.* (蘇州協鑫新能源投資有限公司), an indirect subsidiary of GCL-Poly and GNE which is incorporated in the PRC with limited liability
“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 GCL-Poly and GNE which is incorporated in the PRC with limited liability

“%” per cent.

\* *for identification purpose only*

By order of the GCL-Poly Board  
**GCL-Poly Energy Holdings Limited**  
**保利協鑫能源控股有限公司**  
**Zhu Gongshan**  
*Chairman*

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

Hong Kong, 16 May 2018

*As at the date of this joint announcement, the GCL-Poly Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Zhanjun, Mr. Ji Jun, Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Mr. Jiang Wenwu and Mr. Zheng Xiongjiu as executive GCL-Poly Directors; Ir. Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis as independent non-executive GCL-Poly Directors.*

*As at the date of this joint announcement, the GNE Board comprises Mr. Zhu Yufeng (Chairman), Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Tong Wan Sze as executive GNE Directors; Ms. Sun Wei, Mr. Sha Hongqiu, Mr. Yeung Man Chung, Charles and Mr. He Deyong as non-executive GNE Directors; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive GNE Directors.*