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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**

#### **DISPOSAL OF 100% EQUITY INTEREST IN THE DISPOSAL TARGETS**

##### **THE DISPOSAL**

On 1 February 2019, Suzhou GCL New Energy and Ningxia GCL New Energy, as the Vendors, entered into the Transaction Documents with Greater Bay Area Asset Management Co. Ltd.\*, as the Purchaser, pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, 100% equity interest in the Disposal Targets at a consideration of approximately RMB420.0 million. In addition, pursuant to the Transaction Documents, Suzhou GCL New Energy agreed to (i) repurchase 100% equity interest in the Disposal Targets from the Purchaser in accordance with the terms under the Transaction Documents; (ii) continue to be responsible for the management and operation of the Disposal Targets after the Disposal; and (iii) pay the Consulting Company, a company designated by the Purchaser, a total consultancy fee in the amount of approximately RMB10.5 million.

##### **LISTING RULES IMPLICATION**

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the entering into of the Transaction Documents constitutes a discloseable transaction for the Company and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

##### **BACKGROUND**

On 1 February 2019, Suzhou GCL New Energy and Ningxia GCL New Energy, as the Vendors, entered into the Transaction Documents with Greater Bay Area Asset Management Co. Ltd.\*, as the Purchaser, pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, 100% equity interest in the Disposal Targets at a consideration of approximately RMB420.0 million. In

addition, pursuant to the Transaction Documents, Suzhou GCL New Energy agreed to (i) repurchase 100% equity interest in the Disposal Targets from the Purchaser in accordance with the terms under the Transaction Documents; (ii) continue to be responsible for the management and operation of the Disposal Targets after the Disposal; and (iii) pay the Consulting Company, a company designated by the Purchaser, a total consultancy fee in the amount of approximately RMB10.5 million.

## **THE TRANSACTION DOCUMENTS**

**Date:** 1 February 2019

**Parties:** (1) Vendors: Suzhou GCL New Energy and Ningxia GCL New Energy  
(2) Purchaser: Greater Bay Area Asset Management Co. Ltd.\*

### **Subject matter**

Pursuant to the Equity Transfer Agreements, the Vendors have agreed to sell, and the Purchaser has agreed to purchase, 100% equity interest in the Disposal Targets, subject to and upon the terms and conditions of the Equity Transfer Agreements.

As at the date of this announcement, Target Company A, Target Company B and Target Company C are owned as to 100% by Suzhou GCL New Energy, and Target Company D is owned as to 100% by Ningxia GCL New Energy.

Upon the Disposal and pursuant to the terms of the Transaction Documents, Suzhou GCL New Energy (or any persons designated by it) shall continue to be responsible for the management and operation of the Disposal Targets.

### **Consideration**

Pursuant to the Equity Transfer Agreements, the total consideration payable by the Purchaser to the Vendors for the 100% equity interest in the Disposal Targets is approximately RMB420.0 million (the “**Consideration**”).

The Consideration was determined after arm’s length negotiations between the Vendors and the Purchaser, with reference to net asset value of the Disposal Targets and the Debt Relief Commitment as agreed by the parties.

The Consideration will be settled by the Purchaser in cash.

### **Payment of consultancy fee**

In addition to the Consideration, Suzhou GCL New Energy is obliged to pay the Consulting Company a total consultancy fee in the amount of approximately RMB10.5 million. Such consultancy fee was determined through arm’s length negotiation between the parties with reference to the Consideration.

## **Corporate guarantee**

The obligations of Suzhou GCL New Energy under the Transaction Documents are secured by the GNE Guarantee A and the GNE Guarantee B.

## **Completion**

Completion of the Disposal shall take place on the date of completion of the registration of the equity transfer with the relevant PRC government authorities.

## **Payment terms**

The Consideration shall be payable by the Purchaser in the following manner:

- (1) within two business days following the execution of the Equity Transfer Agreements, the Purchaser shall pay the Vendors the first payment of approximately RMB126.0 million; and
- (2) the balance of approximately RMB294.0 million shall be payable by the Purchaser to the Vendors within two business days following the completion of the registration of the equity transfer with the relevant PRC government authorities.

## **Debt Relief Commitment**

Pursuant to the Transaction Documents and subject to the terms and conditions therein, Nanjing GCL New Energy has unconditionally and irrecoverably agreed to release the Disposal Targets from any liabilities owed to it or any of its associates, and dismiss any interest payments attached to such liabilities, from the date upon the entering into of the Equity Transfer Agreements.

## **Share Repurchase**

Pursuant to the Transaction Documents, Suzhou GCL New Energy shall repurchase the Disposal Targets from the Purchaser in the following manner:

### ***(1) Voluntary Repurchase Period***

Within six months upon the execution of the Transaction Documents (the “**Voluntary Repurchase Period**”), Suzhou GCL New Energy may request by written notice to the Purchaser to repurchase the Disposal Targets at a consideration of approximately RMB420.0 million.

During the Voluntary Repurchase Period, provided that Suzhou GCL New Energy has not breached the terms of the Transaction Documents, the Purchaser shall not transfer any of its equity interest in the Disposal Targets to any other party apart from Suzhou GCL New Energy.

## **(2) *Mandatory Repurchase Period***

After the expiry of the Voluntary Repurchase Period (the “**Mandatory Repurchase Period**”), the Purchaser may request by written notice to Suzhou GCL New Energy to repurchase the Disposal Targets at a consideration of approximately RMB420.0 million, and Suzhou GCL New Energy shall not reject the Purchaser’s request to repurchase the Disposal Targets and shall settle the consideration for the repurchase within 30 days after receiving the written notice from the Purchaser.

During the Mandatory Repurchase Period, the Purchaser may transfer, in part or in whole, its equity interest in the Disposal Targets to any other party.

## **(3) *The Purchaser’s right to request for early repurchase***

The Purchaser has the right to request by written notice to Suzhou GCL New Energy to repurchase the Disposal Targets during the Voluntary Repurchase Period under the circumstances and terms as stipulated under the Transaction Documents. In such an event, Suzhou GCL New Energy shall repurchase the Disposal Targets and settle the relevant consideration in cash within 15 days after receiving the written notice from the Purchaser.

## **FINANCIAL IMPACT OF THE DISPOSAL**

Upon completion of the Disposal, Suzhou GCL New Energy shall retain management control of the Disposal Targets. Also, taking into consideration the fact that the Company is obliged to repurchase the 100% equity interest of the Disposal Targets upon the expiry of the Voluntary Repurchase Period, the Disposal Targets shall remain as subsidiaries of the Company. Except for the consultancy fee paid by Suzhou GCL New Energy to the Consulting Company, the Disposal shall not have any material financial impact on the Group.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE TRANSACTION DOCUMENTS**

The terms of the Transaction Documents have been agreed upon after arm’s length negotiations with the Purchaser. As a developer of solar power plant projects, the Group requires capital from time to time to construct its solar power plant projects. The Directors believe that the Group will be able to derive additional liquidity utilising its existing investments in the Disposal Targets under the Equity Transfer Agreements and benefit from the short term use of the sales proceeds to support its business and operational activities.

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

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the entering into of the Transaction Documents constitutes a discloseable transaction for the Company and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INFORMATION ABOUT THE PARTIES INVOLVED IN THE TRANSACTIONS CONTEMPLATED UNDER THE TRANSACTION DOCUMENTS**

### **The Group**

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

### **Suzhou GCL New Energy**

Suzhou GCL New Energy is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation and technology development, technology transfer and technical advice related to photovoltaic power projects, as well as sales of photovoltaic materials and equipment.

### **Ningxia GCL New Energy**

Ningxia GCL New Energy is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation and technology development, technology transfer and technical advice related to photovoltaic power projects, as well as sales of photovoltaic materials and equipment.

### **The Purchaser**

The Purchaser is a company established in the PRC with limited liability. As at the date of this announcement, the Purchaser is wholly-owned by Greater Bay Area Asset Investment Co. Ltd.\* (粵港澳大灣區產融投資有限公司) as its specialised investment platform. The Purchaser is committed to asset management, land assessment, real estate investment, project investment, equity fund investment etc.

To the best of information, knowledge and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

## The Consulting Company

The Consulting Company is a company established in the PRC with limited liability. As at the date of this announcement, the Consulting Company is indirectly wholly-owned by Greater Bay Area Asset Investment Co. Ltd.\* (粵港澳大灣區產融投資有限公司), and is committed to enterprise management consulting service, corporate financial consulting service, information technology consulting service etc.

To the best of information, knowledge and belief of the Directors after making reasonable enquiries, the Consulting Company and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

## Disposal Targets

The Disposal Targets represent four companies established in the PRC with limited liability and are indirect non wholly-owned subsidiaries of the Company. They are principally engaged in the development, investment, construction and operation of photovoltaic power projects, and collectively hold approximately 80MW solar power plant projects.

The following table sets out certain financial information of the Disposal Targets as extracted from the audited financial statements for the year ended 31 December 2017 prepared in accordance with China Accounting Standards and the management accounts for the year ended 31 December 2018:

	<b>Year ended</b> <b>31 December 2017</b> <i>RMB'000</i>	<b>Year ended</b> <b>31 December 2018</b> <i>RMB'000</i> (Unaudited)
Profit before tax	965	20,608
Profit after tax	965	20,608
	<b>As at</b> <b>31 December 2017</b> <i>RMB'000</i>	<b>As at</b> <b>31 December 2018</b> <i>RMB'000</i> (Unaudited)
Total assets	503,315	631,195
Net assets	42,508	78,780

## DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of 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, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consultancy Agreement”	an agreement dated 1 February 2019 between Suzhou GCL New Energy and the Consulting Company, pursuant to which the Consulting Company agreed to provide relevant consulting services as stipulated under the Consultancy Agreement to Suzhou GCL New Energy
“Consulting Company”	Greater Bay Area Consulting (Guangdong) Ltd.* (灣區產融諮詢(廣東)有限公司), a company incorporated in the PRC with limited liability and an associate of the Purchaser
“Debt Relief Undertakings”	collectively refer to Debt Relief Undertaking A, Debt Relief Undertaking B, Debt Relief Undertaking C and Debt Relief Undertaking D
“Debt Relief Undertaking A”	the undertaking dated 1 February 2019 given by Nanjing GCL New Energy to the Purchaser to facilitate the Debt Relief Commitment in respect of Target Company A
“Debt Relief Undertaking B”	the undertaking dated 1 February 2019 given by Nanjing GCL New Energy to the Purchaser to facilitate the Debt Relief Commitment in respect of Target Company B
“Debt Relief Undertaking C”	the undertaking dated 1 February 2019 given by Nanjing GCL New Energy to the Purchaser to facilitate the Debt Relief Commitment in respect of Target Company C
“Debt Relief Undertaking D”	the undertaking dated 1 February 2019 given by Nanjing GCL New Energy to the Purchaser to facilitate the Debt Relief Commitment in respect of Target Company D

“Debt Relief Commitment”	pursuant to the Debt Relief Undertakings, Nanjing GCL New Energy has unconditionally and irrecoverably agreed to release the Disposal Targets from any liabilities owed to Nanjing GCL New Energy or any of its associates in accordance with the terms under the Debt Relief Undertakings
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 100% equity interest in the Disposal Targets by the Vendors to the Purchaser pursuant to the terms of the Equity Transfer Agreements
“Disposal Targets”	collectively refer to Target Company A, Target Company B, Target Company C and Target Company D
“Equity Transfer Agreements”	collectively refer to Equity Transfer Agreement A, Equity Transfer Agreement B, Equity Transfer Agreement C and Equity Transfer Agreement D
“Equity Transfer Agreement A”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company A in respect of the disposal of 100% equity interest in Target Company A
“Equity Transfer Agreement B”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company B in respect of the disposal of 100% equity interest in Target Company B
“Equity Transfer Agreement C”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company C in respect of the disposal of 100% equity interest in Target Company C
“Equity Transfer Agreement D”	an agreement dated 1 February 2019 between Ningxia GCL New Energy, the Purchaser and Target Company D in respect of the disposal of 100% equity interest in Target Company D
“GNE Guarantee A”	the guarantee dated 1 February 2019 given by the Company to the Purchaser to secure Suzhou GCL New Energy’s obligations under the Share Repurchase Agreements and the Management Entrustment Agreement
“GNE Guarantee B”	the guarantee dated 1 February 2019 given by the Company to the Consulting Company to secure Suzhou GCL New Energy’s obligations for the debts under the Consultancy Agreement
“Group”	the Company and its subsidiaries



“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	person(s) or company(ies) which is/are not connected person(s) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Entrustment Agreement”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and the Disposal Targets, pursuant to which the Purchaser has agreed to entrust the rights to manage and operate the Disposal Targets to Suzhou GCL New Energy (or any persons designated by it) in accordance with the terms stipulated under the Management Entrustment Agreement
“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 subsidiary of the Company which is incorporated in the PRC with limited liability
“Ningxia GCL New Energy”	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司), an indirect subsidiary of the Company which is incorporated in the PRC with limited liability
“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”	Greater Bay Area Asset Management Co. Ltd.* (粵港澳大灣區產融資產管理有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Share Repurchase Agreements”	collectively refer to Share Repurchase Agreement A, Share Repurchase Agreement B, Share Repurchase Agreement C and Share Repurchase Agreement D

“Share Repurchase Agreement A”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company A, pursuant to which Suzhou GCL New Energy has conditionally agreed to repurchase the relevant equity interest in Target Company A held by the Purchaser in accordance with the terms stipulated under the Share Repurchase Agreement A
“Share Repurchase Agreement B”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company B, pursuant to which Suzhou GCL New Energy has conditionally agreed to repurchase the relevant equity interest in Target Company B held by the Purchaser in accordance with the terms stipulated under the Share Repurchase Agreement B
“Share Repurchase Agreement C”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company C, pursuant to which Suzhou GCL New Energy has conditionally agreed to repurchase the relevant equity interest in Target Company C held by the Purchaser in accordance with the terms stipulated under the Share Repurchase Agreement C
“Share Repurchase Agreement D”	an agreement dated 1 February 2019 between Suzhou GCL New Energy, the Purchaser and Target Company D, pursuant to which Suzhou GCL New Energy has conditionally agreed to repurchase the relevant equity interest in Target Company D held by the Purchaser in accordance with the terms stipulated under the Share Repurchase Agreement D
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co. Ltd.* (蘇州協鑫新能源投資有限公司), an indirect subsidiary of the Company which is incorporated in the PRC with limited liability
“Target Company A”	Hetian GCL Photovoltaic Power Co., Ltd.* (和田協鑫光伏電力有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL New Energy
“Target Company B”	Dengkou GCL Photovoltaic Power Co., Ltd.* (磴口協鑫光伏電力有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL New Energy

“Target Company C”	Zhenyuan County Xuyang New Energy Technology Co., Ltd.* (鎮原縣旭陽新能源科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL New Energy
“Target Company D”	Ningxia Xinken Jianquan Photovoltaic Power Co., Ltd.* (寧夏鑫壘簡泉光伏電力有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Ningxia GCL New Energy
“Transaction Documents”	collectively refer to the Equity Transfer Agreements, the Share Repurchase Agreements, the Management Entrustment Agreement, the Consultancy Agreement, the Debt Relief Undertakings, the GNE Guarantee A and the GNE Guarantee B
“Vendors”	collectively refer to Suzhou GCL New Energy and Ningxia GCL New Energy
“%”	per cent.

\* *For identification purpose only*

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

Hong Kong, 1 February 2019

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