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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 DISPOSAL OF 75% EQUITY INTEREST IN SUBSIDIARY**

### **DISPOSAL OF THE TARGET COMPANY**

The GCL-Poly Board and the GNE Board jointly announce that on 29 June 2020 (after trading hours), Suzhou GCL New Energy, as the seller, and CDB New Energy, as the purchaser, entered into the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, Suzhou GCL New Energy agreed to sell, and CDB New Energy agreed to purchase, 75% equity interest in the Target Company, at a total consideration of RMB136,624,000.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of GNE and GCL-Poly. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of GNE and GCL-Poly upon Closing.

### **LISTING RULES IMPLICATIONS**

#### **GCL-Poly**

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

#### **GNE**

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

## **1. INTRODUCTION**

The GCL-Poly Board and the GNE Board jointly announce that on 29 June 2020 (after trading hours), Suzhou GCL New Energy and CDB New Energy entered into the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, Suzhou GCL New Energy agreed to sell, and CDB New Energy agreed to purchase, 75% equity interest in the Target Company at a total consideration of RMB136,624,000.

## **2. THE SHARE PURCHASE AGREEMENT**

The principal terms of the Share Purchase Agreement are set out below:

### **Date**

29 June 2020 (after trading hours)

### **Parties**

(i) The Seller: Suzhou GCL New Energy

(ii) The Purchaser: CDB New Energy

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

### **Subject Matter**

The Sale Shares, representing 75% equity interest in the Target Company, will be sold by Suzhou GCL New Energy to CDB New Energy.

The Target Company owns an operational solar power plant in the PRC with an installed capacity of approximately 100MW.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of GNE and GCL-Poly. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of GNE and GCL-Poly upon Closing.

### **Consideration**

The Consideration under the Share Purchase Agreement is RMB136,624,000.

## **Basis of the Consideration**

The Consideration was determined after arm's length negotiations between Suzhou GCL New Energy and CDB New Energy, having taken into account of, among other things:

- (i) the net asset value of the Target Company as at the Reference Date;
- (ii) the financial performance of the Target Company;
- (iii) the relevant undertakings and commitments by CDB New Energy; and
- (iv) the reasons for the Disposal as discussed in the paragraph headed "Reasons for and Benefits of the Disposal" below.

## **Payment arrangements of the Consideration**

The Consideration under the Share Purchase Agreement shall be paid by CDB New Energy to Suzhou GCL New Energy in the following manner:

- First instalment: CDB New Energy shall pay RMB27,324,800 (the "**First Instalment**") to Suzhou GCL New Energy within 10 Business Days after the fulfilment of, or waiver by CDB New Energy in writing of, the following conditions:
- (a) written consents from the creditors of the Target Company having been obtained for the Disposal and the creditors have agreed to release 100% of the shares of the Target Company pledged to such creditors; and
  - (b) upon (a) being fulfilled, Suzhou GCL New Energy agrees to pledge 100% of the shares of the Target Company to CDB New Energy or its designated financial institutions.

Second instalment: CDB New Energy shall pay RMB88,099,200 (the “**Second Instalment**”), after deducting RMB6,200,000, being the cost of rectification of deficiencies by the Target Company, to Suzhou GCL New Energy within 5 Business Days after the fulfilment, or waiver by CDB New Energy in writing of the following conditions:

- (a) Suzhou CGL New Energy and CDB New Energy having executed and Suzhou GCL New Energy having delivered to CDB New Energy all the corporate document transfer confirmation in relation to the Disposal; and
- (b) the Target Company having completed the Registration Procedures to reflect the changes in, including (but not limited to) shareholders, articles of association, directors, supervisors and general manager.

Third instalment: CDB New Energy shall pay RMB15,000,000 to Suzhou GCL New Energy within 10 days after Suzhou GCL New Energy having obtained the compliance documents in relation to the solar power plant of the Target Company from the relevant government departments and such compliance documents are to the satisfaction of CDB New Energy.

### **Net Payable Amount**

According to the special audit report prepared by a PRC audit firm, the Net Payable Amount payable by the Target Company to its affiliates as at the Reference Date was in the amount of approximately RMB165,885,509, among which, approximately RMB101,281,393 shall be charged with interest in accordance with the current loan agreement while the remaining amount shall not incur any interest.

CDB New Energy agreed to procure the gradual payment of the Net Payable Amount and interest by the Target Company from the Closing Date onwards and the full payment of the Net Payable Amount together with interest payable by the Target Company within 90 days from the Closing Date. Subject to the progress of the Target Company for refinancing its own debts, the Target Company may first settle RMB100,000,000 of the Net Payable Amount within 30 days from the Closing Date.

## Other Undertakings

Suzhou GCL New Energy and CDB New Energy agreed to be subject to the following undertakings:

- (i) within 90 days from the Closing Date, CDB New Energy undertakes to release all the guarantees provided by Suzhou GCL New Energy or its affiliates in respect of the Target Company's liabilities owed to financial institutions, and Suzhou GCL New Energy agreed to pledge 25% of its remaining equity interest in the Target Company to CDB New Energy or its designated financial institutions;
- (ii) the Target Company will pay the outstanding dividends (“**Dividends**”) as at the Reference Date of approximately RMB65,905,931 to Suzhou GCL New Energy, subject to the progress of reimbursement of the national subsidy receivable under the National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) by the PRC government and shall be payable within 15 days after receiving the subsidies until all Dividends have been settled;
- (iii) Suzhou GCL New Energy agreed to pay all the fees in relation to the early repayment of loans by the Target Company (including but not limited to handling fees and compensation) and CDB New Energy shall be entitled to set off any of the above fees with the Net Payable Amount;
- (iv) CDB New Energy may purchase the remaining 25% equity interest in the Target Company held by Suzhou GCL New Energy with a purchase price to be agreed by both parties, upon two years anniversary from the Reference Date and the Target Company obtains the documents from the government authorities in relation to completion of reformation of lake adjustment; and
- (v) CDB New Energy shall be entitled to set off any amount payable by Suzhou GCL New Energy as set out in the Share Purchase Agreement (including but not limited to default payment, damages, compensation and other fees) with the purchase price for the remaining 25% equity interest in the Target Company payable by CDB New Energy to Suzhou GCL New Energy and/or dividends payable by the Target Company to Suzhou GCL New Energy for the remaining 25% equity interest in the Target Company.

## Conditions Precedent

The Share Purchase Agreement shall become effective after all of the following conditions are satisfied:

- (i) the Share Purchase Agreement has been duly signed and affixed with company chops by each party to the Share Purchase Agreement; and

- (ii) CDB New Energy has completed the required filing in accordance with the relevant laws and regulations.

### **Closing**

After CDB New Energy has paid the First Instalment, Suzhou GCL New Energy shall proceed with the Registration Procedures within 14 Business Days after receiving such payment.

The date of issuance as stated on the new business certificate of the Target Company upon the completion of the Registration Procedures shall be the Closing Date for the Disposal.

Upon Closing, Suzhou GCL New Energy shall, or shall procure the Target Company to, provide CDB New Energy with, including (but not limited to), the following items:

- (i) documents in relation to the change in, including (but not limited to), shareholders, articles of association, directors, supervisor and senior management and the legal representative;
- (ii) various company chops of the Target Company; and
- (iii) information in relation to bank accounts, including logins and passwords, and other related documents and devices.

Suzhou GCL New Energy and CDB New Energy agreed that Closing shall be within 90 days from the date of the Share Purchase Agreement (the “**Closing Fulfilment Date**”). If Closing cannot be proceeded within the Closing Fulfilment Date due to the reasons of Suzhou GCL New Energy, CDB New Energy shall be entitled to extend such date to a maximum of 30 days from the Closing Fulfilment Date (the “**Extended Closing Fulfilment Date**”). If Closing cannot be proceeded within the Extended Closing Fulfilment Date, CDB New Energy shall be entitled to terminate the Share Purchase Agreement.

## **3. INFORMATION ON THE PARTIES TO THE SHARE PURCHASE AGREEMENT**

### **The GCL-Poly Group**

GCL-Poly is an exempted company with limited liability incorporated in the Cayman Islands. The principal business of GCL-Poly is investment holding.

The GCL-Poly Group is 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 joint announcement, GCL-Poly is interested in approximately 62.28% of the issue share capital of GNE.

## **The GNE Group**

GNE is incorporated in Bermuda as an exempted company with limited liability. The principal business of GNE is investment holding.

The GNE Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the date of this joint announcement, GNE is owned as to approximately 62.28% by GCL-Poly.

## **Suzhou GCL New Energy**

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly. Suzhou GCL New Energy owns a majority of solar power plants of GNE in the PRC.

## **4. INFORMATION ON THE PURCHASER**

CDB New Energy is a company incorporated in the PRC with limited liability and is mainly engaged in the development of clean energy and energy-saving technology, energy-saving technology application and wholesale of photovoltaic equipment and accessories.

CDB New Energy is held as to approximately (a) 35.4% by Tianjin Jincheng State-owned Capital Investment and Operation Co., Ltd.\* (天津津誠國有資本投資運營有限公司) (which is owned as to 100% by State-owned Assets Supervision and Administration Commission of Tianjin People's Government\* (天津市人民政府國有資產監督管理委員會) as its ultimate beneficial owner); and (b) 19.67% by China Development Bank Capital Co., Ltd.\* (國開金融有限責任公司) (a wholly-owned subsidiary of China Development Bank (國家開發銀行)).

## **5. INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Suzhou GCL New Energy which in turn is an indirect subsidiary of GNE and GCL-Poly. The Target Company is principally engaged in the construction, operation and management of solar power plants in the PRC.

Set out below is an extract of the audited financial statements of the Target Company for the financial years ended 31 December 2018 and 31 December 2019 prepared in accordance with China Accounting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB</i>	<i>RMB</i>
Net profit before income tax	44,941,000	39,655,000
Net profit after income tax	38,346,000	35,263,000

As at 31 December 2019, the audited net assets of the Target Company amount to approximately RMB181,853,000.

## **6. FINANCIAL IMPACT OF THE DISPOSAL**

In September 2018, the GNE Group entered into a sale and purchase agreement to acquire 100% equity interest of the Target Company for a total consideration of approximately RMB192,000,000. The fair value of the Target Company on the date of completion in March 2019 was approximately RMB254,871,000 and the GNE Group has recognized a bargain purchase gain of approximately RMB62,871,000 for the year ended 31 December 2019. The disposal of 75% equity interest in the Target Company for the Consideration of approximately RMB136,624,000 was a discount of approximately RMB7,376,000 when compared with the historical acquisition price.

After the Closing Date, the Target Company will cease to be subsidiary of the GNE Group and the GCL-Poly Group, and the profits and loss, as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the GNE Group and the GCL-Poly Group.

As at the date of this joint announcement, it is estimated that the GNE Group and the GCL-Poly Group will realise a loss on the Disposal, which is calculated by reference to the difference between the Consideration of approximately RMB136,624,000 and 75% of the consolidated net asset value of the Target Company of approximately RMB180,433,000 based on the unaudited financial information of the Target Company as at 31 May 2020, after deducting the cost of rectification of deficiencies by the Target Company of RMB6,200,000. The actual loss as a result of the Disposal to be recorded by the GNE Group and the GCL-Poly Group is subject to audit and will be reassessed based on the net asset value of the Target Company as at the Closing Date.

Despite the loss on the Disposal, having taking into consideration of the reasons for the Disposal as stated under the paragraphs headed “Reasons for and Benefits of the Disposal” below, each of GNE and GCL-Poly is of the view that the Disposal is in the interests of the GNE Group and the GCL-Poly Group, respectively, as a whole as it will improve the cash flow position of the GNE Group and the GCL-Poly Group in the long run.



## **7. USE OF PROCEEDS FROM THE DISPOSAL**

The net cash proceeds (net of estimated taxes and transaction costs) from the Disposal is expected to be approximately RMB362,000,000, which GNE intends to use for repayments of its debts.

## **8. REASONS FOR AND BENEFITS OF THE DISPOSAL**

As part of its “transformation and upgrade” development objective, GNE has been taking steps towards transforming to an asset-light model. Upon completion of the Disposal, the Target Company will no longer be a subsidiary of the GNE Group and the GCL-Poly Group, and the profits and loss as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the GNE Group and the GCL-Poly Group. The liabilities of the GNE Group and the GCL-Poly Group will decrease by approximately RMB842,574,000. Meanwhile, the cash derived from the Disposal amounted to approximately RMB362,000,000, which will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 0.3%, calculated with reference to the audited financial statements of the GNE Group as at 31 December 2019, effectively reducing the financial risks.

After the completion of the Disposal, the GNE Group and CDB New Energy will further explore other co-operation opportunities, including but not limited to, in relation to the GNE Group’s existing solar power plants in the PRC. GNE and CDB New Energy are proactively promoting other phases of disposals, and plan to reach and execute more agreements in relation to disposals of solar power plants in the near future.

Based on the above reasons and having considered all relevant factors, the GNE Directors believe and consider that the terms of the Disposal are on normal commercial terms, are fair and reasonable and is in the interests of GNE and the GNE Shareholders as a whole.

Based on the views of the GNE Directors and having considered all relevant factors, the GCL-Poly Directors believe and consider that the terms of the Disposal are on normal commercial terms, are fair and reasonable and is in the interests of GCL-Poly and the GCL-Poly Shareholders as a whole.

## **9. LISTING RULES IMPLICATIONS**

### **GCL-Poly**

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

## GNE

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

## 10. DEFINITIONS

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

“affiliates”	for the purpose of the joint announcement, means affiliates of the Target Company, which shall include Suzhou GCL New Energy
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“CDB New Energy”	CDB New Energy Technology Co., Ltd.* (國開新能源科技有限公司), a company incorporated in the PRC with limited liability
“Closing”	closing of the Disposal in accordance with the Share Purchase Agreement
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company upon the completion of the Registration Procedures
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal
“Disposal”	the proposed disposal of the Sale Shares by Suzhou GCL New Energy to CDB New Energy as contemplated under the Share Purchase Agreement
“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 and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the date of this joint 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 Group”	GCL-Poly and its subsidiaries
“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 and the shares of which are listed on the Main Board of the Stock Exchange, with 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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Net Payable Amount”	the amount equivalent to the total amounts payable by the Target Company to its affiliates exceeding the total amounts receivable by the Target Company from its affiliates, which is approximately RMB165,885,509 as at the Reference Date
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Reference Date”	31 December 2019
“Registration Procedures”	the registration procedures in respect of the change of shareholder of the Target Company and other relevant filing procedures in respect of the Disposal in the PRC

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	equivalent to 75% equity interest in the Target Company held by Suzhou GCL New Energy
“Share Purchase Agreement”	the share purchase agreement dated 29 June 2020 entered into between Suzhou GCL New Energy and CDB New Energy in relation to the sale of 75% equity interest in the Target Company
“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), a company established in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly
“Target Company”	Jinhu Zhenghui Solar Power Co., Ltd.* (金湖正輝太陽能電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly
“%”	per cent.

\* *All of the English titles or names of the PRC entities, as well as certain items contained in this joint announcement have been included for identification purpose only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.*

By order of the 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, 29 June 2020

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

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