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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 SUBSIDIARY**

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

The GCL-Poly Board and the GNE Board jointly announce that on 4 December 2020 (after trading hours), Suzhou GCL New Energy (as the seller), and Beijing United Rongbang (as the purchaser), entered into the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, Suzhou GCL New Energy agreed to sell, among other things, 99.2% equity interest in the Target Company to Beijing United Rongbang, at a consideration of RMB211,100,000.

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 4 December 2020 (after trading hours), Suzhou GCL New Energy (as the seller), and Beijing United Rongbang (as the purchaser), entered into the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, Suzhou GCL New Energy agreed to sell, among other things, 99.2% equity interest in the Target Company to Beijing United Rongbang, at a consideration of RMB211,100,000.

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.

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

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

#### **Date**

4 December 2020 (after trading hours)

#### **Parties**

(i) The Seller: Suzhou GCL New Energy

(ii) The Purchaser: Beijing United Rongbang

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing United Rongbang 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 99.2% equity interest in the Target Company, will be sold by Suzhou GCL New Energy to Beijing United Rongbang.

The Target Company owns an operational solar power plant in the PRC with the grid-connected capacity of approximately 50MW.

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 RMB211,100,000.

### **Basis of the Consideration**

The Consideration was determined after arm's length negotiations between Suzhou GCL New Energy and Beijing United Rongbang, 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 Beijing United Rongbang; 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 Beijing United Rongbang to Suzhou GCL New Energy in the following manner:

First instalment: Beijing United Rongbang shall pay RMB90,000,000 to Suzhou GCL New Energy within 10 Business Days after signing of the Share Purchase Agreement.

Second instalment: Beijing United Rongbang shall pay RMB57,770,000 (the "Second Instalment") to Suzhou GCL New Energy within 10 Business Days after the fulfilment of the following conditions:

- (a) all conditional precedents having been fulfilled or waived by Beijing United Rongbang;
- (b) the Target Company having completed the Registration Procedures to reflect the changes in, including (but not limited to) shareholders;

- (c) the Target Company having obtained the new business certificate; and
- (d) the delivery of the corporate documents of the Target Company specified in the Share Purchase Agreement.

Third instalment: Beijing United Rongbang shall pay RMB63,330,000 (the “**Third Instalment**”) to Suzhou GCL New Energy within 10 Business Days after the fulfilment of the following conditions:

- (a) the Second Instalment having been settled;
- (b) the delivery and handover of the documents and items of the Target Company specified in the Share Purchase Agreement; and
- (c) the audit results and relevant issues of the Target Company during the Transition Period having been agreed and/or settled by Suzhou GCL New Energy and Beijing United Rongbang.

### **Net Receivable Amount**

According to the audit report prepared by a PRC audit firm, the total Net Receivable Amount receivable by the Target Company from Suzhou GCL New Energy and its affiliates as at the Reference Date was approximately RMB8,961,717.

Suzhou GCL New Energy agreed to pay the total Net Receivable Amount to the Target Company within 10 Business Days after receiving the Second Instalment, or Beijing United Rongbang can offset the Net Receivable Amount from the Third Instalment and pay the relevant amount to the Target Company.

### **Other Undertakings by Suzhou GCL New Energy**

Suzhou GCL New Energy agreed to be subject to, including but not limited to, the following undertakings and be responsible for the relevant expenses incurred:

- (i) unless otherwise specified in the Share Purchase Agreement, the Target Company has paid all the relevant land fees taxes, costs and expenses incurred under the laws and regulations applicable before the Reference Date, and Suzhou GCL New Energy shall be responsible for any defects, risks or losses in respect of land incurred before the Reference Date;

- (ii) the Target Company shall obtain all relevant approvals in respect of land, undertake all necessary legal procedures to occupy and use any land in compliance with the laws, and ensure that no third-party has any rights and interests and/or any other legal encumbrances in respect of the relevant land;
- (iii) the Target Company shall obtain all the relevant qualifications, licenses, approvals, permits and/or legally binding agreement as required under the laws and regulations of the PRC for its business operation and it shall be responsible for all the corresponding costs incurred;
- (iv) with the cooperation from Beijing United Rongbang, Suzhou GCL New Energy undertakes to ensure that approvals in relation to the Disposal from relevant financing institutions shall be obtained, Suzhou GCL New Energy shall cooperate to proceed with the Registration Procedures, and if the Target Company repays its existing financing in advance within six months after the Closing Date, Suzhou GCL New Energy shall be responsible for paying the relevant liquidated damages and expenses;
- (v) the relevant costs for construction materials to be paid to the suppliers of the Target Company shall be paid or included in the list of liabilities included in the Share Purchase Agreement; and
- (vi) Suzhou GCL New Energy undertakes to assist the Target Company and Guodian Power Inner Mongolia to complete the renewal of power purchase and sale agreement for the solar power plant project of the Target Company after the Closing Date for a period from 1 January 2021 to 31 December 2021, or other longer periods.

#### **Other Undertaking by GNE**

GNE undertakes to provide guarantee to Suzhou GCL New Energy for the performance of the Share Purchase Agreement.

#### **Other Undertaking by Beijing United Rongbang**

Beijing United Rongbang shall compensate Suzhou GCL New Energy if the Target Company receives national subsidy during the Transition Period. The compensation amount shall be equivalent to 10% of the national subsidy received by the Target Company during the Transition Period and shall be payable within 10 business days after fulfilment of the conditions for the Third Instalment. As at the Reference Date, the national subsidy receivable by the Target Company shall be approximately RMB92,929,900.

## **Conditions Precedent**

Pursuant to the Share Purchase Agreement, the Target Company shall proceed with Closing after all of the following conditions are satisfied or waived by Beijing United Rongbang:

- (i) all relevant approvals in relation to the Disposal from shareholders of the Target Company, Suzhou GCL New Energy and Beijing United Rongbang, and the Stock Exchange (if required) having been obtained;
- (ii) regarding the consent for the Disposal and the consent for release of the pledge on the Sale Shares and such transfer to Beijing United Rongbang, relevant written documents have been issued and approved by each of Suzhou GCL New Energy, Beijing United Rongbang, the Target Company and the financial institutions;
- (iii) all relevant claims and debts of the Target Company having been integrated in accordance with the Share Purchase Agreement, including signing of the set-off agreement and completing the relevant accounting process; and
- (iv) a written consent has been obtained from Guodian Power Inner Mongolia in relation to waiving its pre-emptive rights.

Suzhou GCL New Energy and Beijing United Rongbang shall procure to fulfil the conditions precedent of the Share Purchase Agreement within three months from the date of the Share Purchase Agreement. If any of the conditions precedent of the Share Purchase Agreement cannot be fulfilled after six months from the date of the Share Purchase Agreement, Beijing United Rongbang shall be entitled to terminate the Share Purchase Agreement and require Suzhou GCL New Energy to repay the amount paid by Beijing United Rongbang, the relevant fees and costs incurred, and default payment specified in the Share Purchase Agreement.

## **Transition Period Arrangement**

During the Transition Period, Suzhou GCL New Energy and Beijing United Rongbang agreed to be subject to, including but not limited to, the following arrangements:

- (i) operating profit or loss of the Target Company during the Transition Period shall be received or borne by the Target Company, any other and/or additional fees and expenses incurred outside daily operation by the Target Company shall be borne by Suzhou GCL New Energy;
- (ii) Suzhou GCL New Energy shall refrain from taking any actions that would damage Beijing United Rongbang's rights and/or interests in the Target Company;

- (iii) written consent from Beijing United Rongbang shall be obtained before the Target Company takes various actions, such as payment of dividend, specified in the Share Purchase Agreement during the Transition Period, if the Target Company takes any of the specified action without consent, Beijing United Rongbang shall have the right to demand Suzhou GCL New Energy to ratify the relevant actions and/or to compensate its loss; and
- (iv) Suzhou GCL New Energy and/or the Target Company shall notify Beijing United Rongbang if there is any resultant event beyond their control, and the relevant risks and losses shall be borne by Suzhou GCL New Energy.

### **Closing**

After the conditions precedent having been fulfilled, Suzhou GCL New Energy shall proceed with the Registration Procedures within 10 business days or the date as agreed by Suzhou GCL New Energy and Beijing United Rongbang.

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.

## **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, and operating of solar farms. As at the date of this joint announcement, GCL-Poly is interested in approximately 62.28% of the issued 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 is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment. Suzhou GCL New Energy indirectly owns a majority of solar power plants of GNE in the PRC.

#### 4. INFORMATION ON THE PURCHASER

Beijing United Rongbang is a company incorporated in the PRC with limited liability and is mainly engaged in the development and operation of clean energy, such as solar energy.

Beijing United Rongbang is wholly-owned by Silk Road New Energy (Changzhou) Co., Ltd.\* (絲綢之路新能源(常州)有限公司) (which is indirectly wholly-owned by Beijing Energy International Holding Co., Ltd., a company listed on the Stock Exchange, with stock code 686 and being indirectly controlled by Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司), which is a state-owned company).

#### 5. INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability and owned as to 99.2% by Suzhou GCL New Energy which in turn is an indirect subsidiary of GNE and GCL-Poly. The Target Company is principally engaged in the operation of solar power plant 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 and the unaudited management accounts for the nine months ended 30 September 2020 of the Target Company prepared in accordance with China Accounting Standards:

	<b>For the Nine months ended 30 September 2020 RMB</b>	<b>For the year ended 31 December</b>	
		<b>2019 RMB</b>	<b>2018 RMB</b>
Net profit before income tax	23,964,106	36,095,170	34,979,530
Net profit after income tax	22,153,399	33,394,718	32,364,955



As at 31 December 2018, 31 December 2019 and 30 September 2020, the net assets of the Target Company amounted to approximately RMB165,848,107, RMB144,242,824 and RMB166,396,223, respectively.

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

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 gain on the Disposal of approximately RMB46,034,947, which is calculated by reference to the difference between the Consideration of approximately RMB211,100,000 and 99.2% of the consolidated net asset value of the Target Company of approximately RMB165,065,053 based on the unaudited financial information of the Target Company as at 30 September 2020. The actual gain 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.

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 (being the difference between the Consideration of approximately RMB211,100,000 and the total Net Receivables Amount by the Target Company as at the Reference Date of approximately RMB8,961,717, minus estimated taxes and transaction costs) from the Disposal is expected to be approximately RMB202,138,000, which GNE intends to use for repayments of its debts.

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

Referring to the “financial impact” mentioned above, the GNE Group and the GCL-Poly Group will realise a substantial gain on 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 RMB391,711,000. Meanwhile, the cash derived from the Disposal amounted to approximately RMB202,138,000, which will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 0.2%, calculated with reference to the unaudited financial statements of the GNE Group as at 30 June 2020, effectively reducing the financial risks.

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
“Beijing United Rongbang”	Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), a company incorporated in the PRC with limited liability

“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
“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 Beijing United Rongbang 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
“Guodian Power Inner Mongolia”	Guodian Power Inner Mongolia New Energy Development Co., Ltd.* (國電電力內蒙古新能源開發有限公司), a company incorporated in the PRC with limited liability, being the minority shareholder of the Target Company, an independent third party to GNE and GCL-Poly
“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 Receivable Amount”	the amount equivalent to the difference between the amount payable and the amount receivable as set out in the Share Purchase Agreement by the Target Company, and in the event that the amount payable is less than the amount receivable by the Target Company
“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”	30 September 2020
“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 99.2% equity interest in the Target Company held by Suzhou GCL New Energy
“Share Purchase Agreement”	the share purchase agreement dated 4 December 2020 entered into between Suzhou GCL New Energy and Beijing United Rongbang in relation to the sale of 99.2% 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”	Zhenglanqi State Power Photovoltaic Co., Ltd.* (正藍旗國電光伏發電有限公司), a company established in the PRC with limited liability, which is directly owned as to 99.2% and 0.8% by Suzhou GCL New Energy and Guodian Power Inner Mongolia respectively, and an indirect subsidiary of GNE and GCL-Poly as at the date of this joint announcement
“Transition Period”	the period between the Reference Date and the Closing Date
“%”	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, 4 December 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.*