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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)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

On 3 March 2017, Suzhou GCL New Energy (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) and GCL System Suzhou entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the PRC.

Pursuant to the JV Agreement, Suzhou GCL New Energy and GCL System Suzhou agreed to invest RMB102,000,000 (equivalent to approximately HK\$114,923,400) and RMB98,000,000 (equivalent to approximately HK\$110,416,600) respectively into the JV Company, and will each hold 51% and 49% of the equity interests in the JV Company respectively. The JV Company's scope of business will cover the development, investment, construction and sale of photovoltaic power station projects; photovoltaic power technology consulting services; and procurement of photovoltaic materials and equipment.

GCL System Suzhou is a wholly-owned subsidiary of GCL System Integration. As at the date of this announcement, approximately 22.40% and 28.19% of the issued shares in GCL System Integration is held by the Zhu Family Trust and Mr. Zhu Yufeng, respectively.

LISTING RULES IMPLICATIONS

GCL-Poly

Mr. Zhu Gongshan and Mr. Zhu Yufeng are both GCL-Poly Directors and are therefore connected persons of GCL-Poly. As GCL System Integration is an associate (as defined in the Listing Rules) of Mr. Zhu Gongshan and Mr. Zhu Yufeng, GCL System Integration is therefore a connected person of GCL-Poly. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for GCL-Poly under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the JV Agreement is more than 0.1% but less than 5% for GCL-Poly, the transactions are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

GNE

Mr. Zhu Gongshan was a GNE Director in the past 12 months and Mr. Zhu Yufeng is a current GNE Director. Accordingly, both Mr. Zhu Gongshan and Mr. Zhu Yufeng are connected persons of GNE. As GCL System Integration is an associate (as defined in the Listing Rules) of Mr. Zhu Gongshan and Mr. Zhu Yufeng, GCL System Integration is therefore a connected person of GNE. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for GNE under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the JV Agreement is more than 0.1% but less than 5% for GNE, the transactions are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

1. PRINCIPAL TERMS OF THE JV AGREEMENT

Date:	3 March 2017
Parties:	(i) Suzhou GCL New Energy (ii) GCL System Suzhou
Purpose of the JV Company:	The purpose of the JV Company is the development, design, procurement and construction of photovoltaic power station opportunities sourced by GCL System Suzhou.
Scope of business:	The JV Company's scope of business will cover the development, investment, construction and sale of photovoltaic power station projects; photovoltaic power technology consulting services; and procurement of photovoltaic materials and equipment.
Registered capital and capital commitment:	The initial registered capital of the JV Company shall be RMB200,000,000, of which: (i) Suzhou GCL New Energy shall contribute RMB102,000,000 (equivalent to approximately HK\$114,923,400) in cash representing 51% of the equity interests in the JV Company; and (ii) GCL System Suzhou shall contribute RMB98,000,000 (equivalent to approximately HK\$110,416,600) in cash representing 49% of the equity interests in the JV Company. The entire registered share capital shall be paid by Suzhou GCL New Energy and GCL System Suzhou before 31 December 2017. The amount of capital contribution was determined after arm's length negotiation between Suzhou GCL New Energy and GCL System Suzhou having considered the initial capital requirement of the JV Company.

Board composition and supervisor:	<p>The JV Board shall be comprised of five members, being three members nominated by Suzhou GCL New Energy and two members nominated by GCL System Suzhou.</p> <p>The JV Chairman will be elected by the JV Board. The general manager of the JV Company will be elected by the JV Board.</p> <p>The JV Company shall have two supervisors, of which one supervisor will be nominated by each of GCL System Suzhou and Suzhou GCL New Energy.</p> <p>The JV Board shall also nominate five members to form an investment committee in relation to the investments of the JV Company. The JV Company's investments must be approved by a majority of the investment committee members and approved by the JV Chairman.</p>
Sourcing and construction of solar power stations:	<ol style="list-style-type: none"> (1) If GCL System Suzhou becomes aware of any solar power station construction projects or opportunities, GCL System Suzhou shall refer such opportunities to the JV Company for its consideration. The JV Company may choose to develop and construct such solar power station projects referred to it. (2) Subject to the terms of the JV Agreement and any applicable laws and regulations (including the Listing Rules), Suzhou GCL New Energy and GCL System Suzhou shall procure that the JV Company sources the solar modules required for the construction of such solar power station projects from GCL System Suzhou. The JV Company and GCL System Suzhou shall separately enter into a module sales agreement to set out the terms of the purchase of the solar modules.
Right of first refusal:	<p>Suzhou GCL New Energy shall have a right of first refusal in respect of the JV Company's solar power station projects as follows:</p> <ol style="list-style-type: none"> (i) if during the course of constructing a solar power station project, the JV Company proposes to sell the relevant solar power station project; or (ii) upon completion of a solar power station constructed by the JV Company, <p>the JV Company shall in either case first offer to sell the power station to Suzhou GCL New Energy subject to compliance with all applicable legal, regulatory and governmental requirements.</p>

Under the right of first refusal:

- (i) the JV Company shall provide written notice to Suzhou GCL New Energy of the proposed sale of the power station, including the key terms and consideration;
- (ii) Suzhou GCL New Energy shall have the first option to acquire such power station from the JV Company on the terms offered by the JV Company within 60 days of the written notice. The acquisition of any power station by Suzhou GCL New Energy shall be subject to all applicable legal and regulatory requirements (including all applicable requirements under the Listing Rules); and
- (iii) any power projects which Suzhou GCL New Energy does not elect to acquire as mentioned above shall be sold to third parties on an arm's length basis and on terms no more favourable than those offered to Suzhou GCL New Energy.

Transfer of equity interests:

If a shareholder of the JV Company intends to transfer its equity interests in the JV Company to a party who is not a shareholder, that shareholder shall obtain the consent of a majority of the other remaining shareholders in connection with the transfer. If such consent is withheld, the other remaining shareholders shall purchase the equity interests intended to be transferred.

2. LISTING RULES IMPLICATIONS

GCL-Poly

Mr. Zhu Gongshan and Mr. Zhu Yufeng are both GCL-Poly Directors and are therefore connected persons of GCL-Poly. As GCL System Integration is an associate (as defined in the Listing Rules) of Mr. Zhu Gongshan and Mr. Zhu Yufeng, GCL System Integration is therefore a connected person of GCL-Poly. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for GCL-Poly under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the JV Agreement is more than 0.1% but less than 5% for GCL-Poly, the transactions are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

GNE

Mr. Zhu Gongshan was a GNE Director in the past 12 months and Mr. Zhu Yufeng is a current GNE Director. Accordingly, both Mr. Zhu Gongshan and Mr. Zhu Yufeng are connected persons of GNE. As GCL System Integration is an associate (as defined in the Listing Rules) of Mr. Zhu Gongshan and Mr. Zhu Yufeng, GCL System Integration is therefore a connected person of GNE. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for GNE under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the JV Agreement is more than 0.1% but less than 5% for GNE, the transactions are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

3. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

As a developer of photovoltaic power station projects, GNE Group has been seeking opportunities to expand its project development channels. The JV Company will provide the GNE Group with ready access to a number of project opportunities in the PRC.

GCL System Integration is an established PRC solar system manufacturer and has extensive experience in research, development, manufacturing and distribution of solar systems. GCL System Integration has worked with PRC engineering, procurement and construction management companies which possess the requisite expertise and technical knowledge in undertaking the projects. The development of the solar projects in joint venture with GCL System Suzhou will reduce the capital commitment required from GNE compared to if GNE were to undertake the projects on its own. Further, as the JV Company will be consolidated into the GNE Group, the joint venture will also strengthen GNE Group's consolidated revenues and assets. Following completion of the solar power projects by the JV Company, GNE will have the first right to acquire such projects or procure the sale of such projects to third parties and derive a financial return from such sale.

Based on the above reasons, the GNE Directors (including the independent non-executive GNE Directors) are of the view that the JV Agreement were entered into in the ordinary and usual course of business of the GNE Group and on normal commercial terms which are fair and reasonable and are in the interests of GNE and the GNE Shareholders as a whole.

Accordingly, based on the views of the GNE Directors and having considered all relevant factors, the GCL-Poly Directors (including the independent non-executive GCL-Poly Directors) are of the view that the JV Agreement were entered into in the ordinary and usual course of business of the GNE Group and on normal commercial terms which are fair and reasonable and are in the interests of GCL-Poly and the GCL-Poly Shareholders as a whole.

As Mr. Zhu Gongshan and Mr. Zhu Yufeng have a material interest in the JV Agreement by virtue of their shareholding interest in GCL System Integration and Ms. Sun Wei is the vice chairman of Golden Concord Holdings Limited, a company controlled by Mr. Zhu Gongshan, Mr. Zhu Gongshan, Mr. Zhu Yufeng and Ms. Sun Wei have abstained from voting on the resolutions of the GCL-Poly Board in respect of the approval of the JV Agreement.

Mr. Zhu Yufeng has a material interest in the JV Agreement by virtue of his shareholding interest in GCL System Integration. In addition, Ms. Sun Wei and Mr. Yeung Man Chung, Charles are directors of GCL-Poly and Ms. Hu Xiaoyan and Mr. Sha Hongqiu are executives of GCL-Poly, and Mr. Sun Xingping, Ms. Hu Xiaoyan, Ms. Sun Wei and Mr. Sha Hongqiu are executives of Golden Concord Holdings Limited, a company controlled by Mr. Zhu Gongshan, who has a material interest in the transactions under the JV Agreement. Accordingly, Mr. Zhu Yufeng, Mr. Sun Xingping, Ms. Hu Xiaoyan, Ms. Sun Wei, Mr. Sha Hongqiu and Mr. Yeung Man Chung, Charles have abstained from voting on the resolutions of the GNE Board in respect of the approval of the JV Agreement.

4. GENERAL INFORMATION

The GCL-Poly Group

GCL-Poly is an investment company and its subsidiaries are principally engaged in the manufacturing of polysilicon and wafers for the solar industry as well as the development, management and operation of environmentally friendly power plants.

The GNE Group

The GNE Group is principally engaged in the development, construction, operation and management of solar power stations, as well as the manufacturing and selling of printed circuit boards.

GCL System Suzhou

GCL System Suzhou is a wholly-owned subsidiary of GCL System Integration. GCL System Integration is a company established in the PRC and the shares of which are listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange. The principal business of GCL System Integration is the research, development, manufacturing and distribution of solar system, including solar materials and solar modules. As at the date of this announcement, approximately 22.40% and 28.19% of the issued shares in GCL System Integration is held by the Zhu Family Trust and Mr. Zhu Yufeng, respectively.

5. DEFINITIONS

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

“connected persons”	has the same meaning ascribed to it under the Listing Rules
“GCL System Integration”	GCL System Integration Technology Co., Ltd. 協鑫集成科技股份有限公司, a company incorporated in the PRC with its shares listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code 2506
“GCL System Suzhou”	GCL System Integration (Suzhou) Limited* 協鑫集成科技(蘇州)有限公司, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of GCL System Integration
“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 announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of GNE
“GCL-Poly Board”	the board of the GCL-Poly Directors
“GCL-Poly Director(s)”	director(s) of GCL-Poly
“GCL-Poly Group”	GCL-Poly and its subsidiaries

“GCL-Poly Share(s)”	ordinary shares of HK\$0.10 each in the share capital of GCL-Poly
“GCL-Poly Shareholder(s)”	holder(s) of the GCL-Poly Share(s)
“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 the GNE Directors
“GNE Director(s)”	director(s) of GNE
“GNE Group”	GNE and its subsidiaries
“GNE Share(s)”	ordinary shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of GNE
“GNE Shareholder(s)”	holder(s) of the GNE Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the agreement dated 3 March 2017 between Suzhou GCL New Energy and GCL System Suzhou in relation to the formation of the JV Company
“JV Board”	the board of directors of the JV Company
“JV Chairman”	the chairman of the JV Board
“JV Company”	Suzhou GCL New Energy Photovoltaic Technology Co. Ltd. 蘇州協鑫新能源光伏科技有限公司, a company to be established in the PRC with limited liability in accordance with the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 Development Company Limited* 蘇州協鑫新能源發展有限公司, a company incorporated in the PRC with limited liability and an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE
“Zhu Family Trust”	a trust, under which Mr. Zhu Gongshan (an executive GCL-Poly Director and the chairman of the GCL-Poly Board) and his family (including Mr. Zhu Yufeng, an executive GCL-Poly Director, an executive GNE Director, the chairman of the GNE Board and the son of Mr. Zhu Gongshan) are beneficiaries
“%”	per cent.

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.1267, being the exchange rate prevailing on 3 March 2017. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

** All of the English titles or names of the PRC entities, as well as certain items contained in this 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 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, 3 March 2017

As at the date of this 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. Ho Chung Tai, Raymond, 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 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 and Mr. Yeung Man Chung, Charles as the non-executive GNE Directors; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as the independent non-executive GNE Directors.