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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)

**CONNECTED TRANSACTIONS
WITH XI'AN DATANG ELECTRIC
POWER DESIGN AND
RESEARCH INSTITUTE CO., LTD.*
(西安大唐電力設計研究院有限公司)**



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 TRANSACTIONS
WITH XI'AN DATANG ELECTRIC
POWER DESIGN AND
RESEARCH INSTITUTE CO., LTD.*
(西安大唐電力設計研究院有限公司)**

CURRENT TRANSACTIONS WITH XI'AN DATANG ELECTRIC

On 31 May 2018, GNE, through its subsidiaries, entered into the following agreements with Xi'an Datang Electric:

- (1) the Kunming EPC Agreement between Kunming Xufeng as principal and Xi'an Datang Electric as contractor in relation to the Kunming Project at an estimated consideration of RMB216,080,141;
- (2) the Kunming EPC Supplemental Agreement between Suzhou GCL New Energy and Kunming Xufeng as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy agreed to undertake Kunming Xufeng's obligations and liabilities under the Kunming EPC Agreement;
- (3) the Kunming GNE Guarantee between GNE and Xi'an Datang Electric in connection with the guarantee provided by GNE to Xi'an Datang Electric in respect of Kunming Xufeng's obligations under the Kunming EPC Agreement; and
- (4) the Kunming Equipment Purchase Agreement between Xi'an Datang Electric as customer and Zhenjiang GCL New Energy as supplier and Kunming Xufeng as principal in relation to the sale and purchase of certain solar power station equipment for the Kunming Project at a consideration of RMB176,419,103.

(together, the “**Kunming EPC and Equipment Purchase Agreements**”)

- (5) the Honghe EPC Agreement between Honghe Ruixin as principal and Xi’an Datang Electric as contractor in relation to the Honghe Project at an estimated consideration of RMB188,963,077;
- (6) the Honghe EPC Supplemental Agreement between Suzhou GCL New Energy and Honghe Ruixin as joint principals and Xi’an Datang Electric as contractor under which Suzhou GCL New Energy agreed to undertake Honghe Ruixin’s obligations and liabilities under the Honghe EPC Agreement;
- (7) the Honghe GNE Guarantee between GNE and Xi’an Datang Electric in connection with the guarantee provided by GNE to Xi’an Datang Electric in respect of Honghe Ruixin’s obligations under the Honghe EPC Agreement; and
- (8) the Honghe Equipment Purchase Agreement between Xi’an Datang Electric as customer and Zhenjiang GCL New Energy as supplier and Honghe Ruixin as principal in relation to the sale and purchase of certain solar power station equipment for the Honghe Project at a consideration of RMB158,457,708.

(together, the “**Honghe EPC and Equipment Purchase Agreements**”)

- (9) the Luquan EPC Agreement between Luquan GCL as principal and Xi’an Datang Electric as contractor in relation to the Luquan Project at an estimated consideration of RMB117,801,248;
- (10) the Luquan EPC Supplemental Agreement between Suzhou GCL New Energy and Luquan GCL as joint principals and Xi’an Datang Electric as contractor under which Suzhou GCL New Energy agreed to undertake Luquan GCL’s obligations and liabilities under the Luquan EPC Agreement;
- (11) the Luquan GNE Guarantee between GNE and Xi’an Datang Electric in connection with the guarantee provided by GNE to Xi’an Datang Electric in respect of Luquan GCL’s obligations under the Luquan EPC Agreement; and
- (12) the Luquan Equipment Purchase Agreement between Xi’an Datang Electric as customer and Zhenjiang GCL New Energy as supplier and Luquan GCL as principal in relation to the sale and purchase of certain solar power station equipment for the Luquan Project at a consideration of RMB96,620,429.

(together, the “**Luquan EPC and Equipment Purchase Agreements**”, and collectively with the Kunming EPC and Equipment Purchase Agreements and the Honghe EPC and Equipment Purchase Agreements, the “**Current EPC and Equipment Purchase Agreements**”)

LISTING RULES IMPLICATIONS

GCL-Poly

As none of the applicable percentage ratios in respect of the Current EPC and Equipment Purchase Agreements, each on a standalone basis, exceeds 5%, the entering into of the Current EPC and Equipment Purchase Agreements does not constitute a discloseable transaction for GCL-Poly under Chapter 14 of the Listing Rules.

As Wuxi Huaguang (a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange, with stock code 600475) holds approximately 24.81% shareholding interest in Konca Solar (a subsidiary of GCL-Poly, as at the date of this joint announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of GNE), Wuxi Huaguang is a connected person of GCL-Poly at the subsidiary level (but not a connected person of GNE). In addition, Wuxi Huaguang effectively holds approximately 90.33% of shareholding interests in Xi'an Datang Electric, Xi'an Datang Electric is therefore an associate of a connected person of GCL-Poly at the subsidiary level (but not a connected person of GNE).

As the highest applicable percentage ratio in respect of each of the Current EPC and Equipment Purchase Agreements, on a standalone basis, exceeds 1% but is less than 5%, the entering into of each of the Current EPC and Equipment Purchase Agreements, on a standalone basis, constitutes a connected transaction of GCL-Poly under Chapter 14A of the Listing Rules.

As the Current EPC and Equipment Purchase Agreements are entered into within a 12-month period, the Current EPC and Equipment Purchase Agreements shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Current EPC and Equipment Purchase Agreements (in aggregate) exceeds 5%, the entering into of the Current EPC and Equipment Purchase Agreements (in aggregate) constitutes a connected transaction of GCL-Poly under Chapter 14A of the Listing Rules. The GCL-Poly Directors (including the independent non-executive GCL-Poly Directors) have approved the Current EPC and Equipment Purchase Agreements and confirmed that the terms of the Current EPC and Equipment Purchase Agreements are fair and reasonable, the Current EPC and Equipment Purchase Agreements are on normal commercial terms or better and in the interests of GCL-Poly and GCL-Poly Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the entering into of the Current EPC and Equipment Purchase Agreements is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and shareholders' approval requirements.

GNE

As none of the applicable percentage ratios in respect of the Luquan EPC and Equipment Purchase Agreements exceeds 5%, the entering into of the Luquan EPC and Equipment Purchase Agreements does not constitute a discloseable transaction for GNE under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the Kunming EPC and Equipment Purchase Agreements and the Honghe EPC and Equipment Purchase Agreements, exceeds 5% but is less than 25%, the entering into of each of the Kunming EPC and Equipment Purchase Agreements and Honghe EPC and Equipment Purchase Agreements constitute discloseable transactions for GNE and GNE shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. CURRENT EPC AND EQUIPMENT PURCHASE AGREEMENTS

A. Principal terms of the Kunming EPC Agreement

(i) Date

31 May 2018

(ii) Parties

(a) Principal: Kunming Xufeng

(b) Contractor: Xi'an Datang Electric

(iii) Subject Matter

Kunming Xufeng agreed to engage Xi'an Datang Electric to provide EPC services in relation to the Kunming Project. The relevant construction work will commence pursuant to the notice of commencement given by Kunming Xufeng. It is expected that conditions for the on-grid connection for the Kunming Project will be completed by 30 June 2018 and all EPC work will be completed by 30 August 2018 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 three months 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 Kunming EPC Agreement is estimated to be RMB216,080,141, comprising:

- (a) solar power station equipment fee for an estimated amount of RMB182,934,709; and
- (b) fees for construction, installation and other services for an estimated amount of RMB33,145,432.

The final consideration may be adjusted if (a) Kunming Xufeng has changed the capacity of the power station which results in a change in the quantity of construction work; or (b) the actual number of pipes and other construction materials used differs from the tender documents; or (c) there are substantial adjustments between the construction plan and the tender documents which result in a cumulative amount of more than RMB200,000.

The Kunming EPC 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 Kunming EPC Agreement; (b) the profit margin of the Kunming 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 Kunming EPC Agreement shall be paid by Kunming Xufeng to Xi'an Datang Electric in accordance with the following milestones:

Payment terms for the solar power station equipment

First instalment: 10% of the estimated equipment fees shall be paid by Kunming Xufeng to Xi'an Datang Electric as prepayment immediately after the signing of the Kunming EPC Agreement.

Subsequent instalments: Kunming Xufeng shall pay up to 100% of the equipment procurement fees (by instalments) upon the earlier of (i) within eight (8) months after the payment date of each instalment under the Kunming Equipment Purchase Agreement; or (ii) the date on which the solar power station equipment is pledged and/or mortgaged and the bank releases the loan funds for the Kunming Project.

Payment terms for fees for construction, installation and other services relating to the Kunming Project

First instalment: 10% of the estimated service fees shall be paid by Kunming Xufeng to Xi'an Datang Electric as prepayment upon signing of the Kunming EPC Agreement.

Second instalment: Kunming Xufeng shall pay Xi'an Datang Electric:

- (a) 75% (in aggregate) of the estimated service fees upon the earlier of (i) 60 days from the date on which 90% capacity of the on-grid power connection facilities for the Kunming Project are in place; or (ii) within 7 days from the date of reaching 90% capacity on-grid power connection for the Kunming Project; or
- (b) 85% (in aggregate) of the estimated service fees if the facilities for the full capacity on-grid power connection for the Kunming Project are partially in place, but the remaining facilities are incomplete due to problems of Kunming Xufeng.

Third instalment: At least 95% (in aggregate) of the estimated service fees shall be paid by Kunming Xufeng to Xi'an Datang 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 5% of the estimated service fees shall be paid by Kunming Xufeng to Xi'an Datang Electric after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Xi'an Datang Electric.

(vi) *Guarantee*

Pursuant to the Kunming GNE Guarantee, GNE has agreed to provide a guarantee for RMB216,080,141, being the total contract price, as well as for damages, legal fees, administrative fees and other amounts due to Xi'an Datang Electric in respect of Kunming Xufeng's obligations under the Kunming EPC Agreement.

(vii) *Kunming EPC Supplemental Agreement*

Pursuant to the Kunming EPC Supplemental Agreement, Suzhou GCL New Energy and Kunming Xufeng will act as joint principals and agreed to engage Xi'an Datang Electric as contractor to provide EPC services in relation to the Kunming Project. Suzhou GCL New Energy and Kunming Xufeng agreed to undertake the relevant obligations and liabilities under the Kunming EPC Agreement.

Furthermore, Suzhou GCL New Energy and Kunming Xufeng, as joint principals, undertake that:

- (a) if a bank loan has been obtained for the Kunming Project by pledging the solar power station and the income arising from electricity generated from the Kunming Project, the joint principals shall, immediately and with first priority, pay Xi'an Datang Electric the amounts advanced by Xi'an Datang Electric under the Kunming EPC Agreement utilizing funds from the bank loan; and
- (b) prior to obtaining the bank loan, the joint principals shall pledge all of the income arising from electricity generated from the Kunming Project and account receivables to Xi'an Datang Electric as security.

B. Principal terms of the Kunming Equipment Purchase Agreement

(i) *Date*

31 May 2018

(ii) *Parties*

- (a) Principal: Kunming Xufeng

(b) Supplier: Zhenjiang GCL New Energy

(c) Customer: Xi'an Datang Electric

(iii) Subject Matter

Zhenjiang GCL New Energy agreed to supply, and Xi'an Datang Electric agreed to purchase certain solar power station equipment for a consideration of RMB176,419,103 for the Kunming Project.

(iv) Basis of Consideration

The Kunming 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 Kunming Equipment Purchase Agreement shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy in accordance with the following milestones:

First instalment: 60% of the total consideration shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy within two (2) weeks from the date on which Xi'an Datang Electric receives the prepayment for the solar power station equipment from Kunming Xufeng under the Kunming EPC Agreement.

Second instalment: 40% of the total consideration shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy within four (4) weeks from the date on which Xi'an Datang Electric receives the prepayment for the solar power station equipment from Kunming Xufeng under the Kunming EPC Agreement.

C. Principal terms of the Honghe EPC Agreement

(i) Date

31 May 2018

(ii) Parties

- (a) Principal: Honghe Ruixin
- (b) Contractor: Xi'an Datang Electric

(iii) Subject Matter

Honghe Ruixin agreed to engage Xi'an Datang Electric to provide EPC services in relation to the Honghe Project. The relevant construction work will commence pursuant to the notice of commencement given by Honghe Ruixin. It is expected that conditions for the on-grid connection for the Kunming Project will be completed by 30 June 2018 and all EPC work will be completed by 30 August 2018 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 three months 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 Honghe EPC Agreement is estimated to be RMB188,963,077, comprising:

- (a) solar power station equipment fee for an estimated amount of RMB164,309,954; and
- (b) fees for construction, installation and other services for an estimated amount of RMB24,653,123.

The final consideration may be adjusted if (a) Honghe Ruixin has changed the capacity of the power station which results in a change in the quantity of construction work; or (b) the actual number of pipes used differs from the tender documents; or (c) there are substantial adjustments between the construction plan and the tender documents which result in a cumulative amount of more than RMB200,000.

The Honghe EPC 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 Honghe EPC Agreement; (b) the profit margin of the Honghe 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 Honghe EPC Agreement shall be paid by Honghe Ruixin to Xi'an Datang Electric in accordance with the following milestones:

Payment terms for the solar power station equipment

First instalment: 10% of the estimated equipment fees shall be paid by Honghe Ruixin to Xi'an Datang Electric as prepayment immediately after the signing of the Honghe EPC Agreement.

Subsequent instalments: Honghe Ruixin shall pay up to 100% of the equipment procurement fees (by instalments) upon the earlier of (i) within eight (8) months after the payment date of each instalment under the Honghe Equipment Purchase Agreements; or (ii) the date on which the solar power station equipment is pledged and/or mortgaged and the bank releases the loan funds for the Honghe Project.

Payment terms for the construction, installation and other services and other construction materials relating to the Honghe Project

First instalment: 10% of the estimated service fees shall be paid by Honghe Ruixin to Xi'an Datang Electric as prepayment upon signing of the Honghe EPC Agreement.

Second instalment: Honghe Ruixin shall pay Xi'an Datang Electric:

(a) 75% (in aggregate) of the estimated service fees upon the earlier of (i) 60 days from the date on which 90% capacity of the on-grid power connection facilities for the Honghe Project are in place; or (ii) within 7 days from the date of reaching 90% capacity on-grid power connection for the Honghe Project; or

- (b) 85% (in aggregate) of the estimated service fees if the facilities for the full capacity on-grid power connection for the Honghe Project are partially in place, but the remaining facilities are incomplete due to problems of Honghe Ruixin.

Third instalment:

At least 95% (in aggregate) of the estimated service fees shall be paid by Honghe Ruixin to Xi'an Datang 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 5% of the estimated service fees shall be paid by Honghe Ruixin to Xi'an Datang Electric after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Xi'an Datang Electric.

(vi) *Guarantee*

Pursuant to the Honghe GNE Guarantee, GNE has agreed to provide a guarantee for RMB188,963,077, being the total contract price, as well as for damages, legal fees, administrative fees and other amounts due to Xi'an Datang Electric in respect of Honghe Ruixin's obligations under the Honghe EPC Agreement.

(vii) *Honghe EPC Supplemental Agreement*

Pursuant to the Honghe EPC Supplemental Agreement, Suzhou GCL New Energy and Honghe Ruixin will act as joint principals and agreed to engage Xi'an Datang Electric as contractor to provide EPC services in relation to the Honghe Project. Suzhou GCL New Energy and Honghe Ruixin agreed to undertake the relevant obligations and liabilities under the Honghe EPC Agreement.

Furthermore, Suzhou GCL New Energy and Honghe Ruixin, as joint principals, undertake that:

- (a) if a bank loan has been obtained for the Honghe Project by pledging the solar power station and the income arising from electricity generated from the Honghe Project, the joint principals shall, immediately and with first priority, pay Xi'an Datang Electric the amounts advanced by Xi'an Datang Electric under the Honghe EPC Agreement utilizing funds from the bank loan; and

- (b) prior to obtaining the bank loan, the joint principals shall pledge all of the income arising from electricity generated from the Honghe Project and account receivables to Xi'an Datang Electric as security.

D. Principal terms of the Honghe Equipment Purchase Agreement

(i) Date

31 May 2018

(ii) Parties

- (a) Principal: Honghe Ruixin
- (b) Supplier: Zhenjiang GCL New Energy
- (c) Customer: Xi'an Datang Electric

(iii) Subject Matter

Zhenjiang GCL New Energy agreed to supply, and Xi'an Datang Electric agreed to purchase certain solar power station equipment for a consideration of RMB158,457,708 for the Honghe Project.

(iv) Basis of Consideration

The Honghe 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 Honghe Equipment Purchase Agreement shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy in accordance with the following milestones:

- First instalment: 60% of the total consideration shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy within two (2) weeks from the date on which Xi'an Datang Electric receives the prepayment for the solar power station equipment from Honghe Ruixin under the Honghe EPC Agreement.

Second instalment: 40% of the total consideration shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy within four (4) weeks from the date on which Xi'an Datang Electric receives the prepayment for the solar power station equipment from Honghe Ruixin under the Honghe EPC Agreement.

E. Principal terms of the Luquan EPC Agreement

(i) Date

31 May 2018

(ii) Parties

- (a) Principal: Luquan GCL
- (b) Contractor: Xi'an Datang Electric

(iii) Subject Matter

Luquan GCL agreed to engage Xi'an Datang Electric to provide EPC services in relation to the Luquan Project. The relevant construction work will commence pursuant to the notice of commencement given by Luquan GCL. It is expected that conditions for the on-grid connection for the Kunming Project will be completed by 30 June 2018 and all EPC work will be completed by 30 August 2018 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 three months 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 Luquan EPC Agreement is estimated to be RMB117,801,248, comprising:

- (a) solar power station equipment fee for an estimated amount of RMB100,188,867; and
- (b) fees for construction, installation and other services for an estimated amount of RMB17,612,381.

The final consideration may be adjusted if (a) Luquan GCL has changed the capacity of the power station which results in a change in the quantity of construction work; or (b) the actual number of pipes used differs from the tender documents; or (c) there are substantial adjustments between the construction plan and the tender documents which result in a cumulative amount of more than RMB200,000.

The Luquan EPC 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 Luquan EPC Agreement; (b) the profit margin of the Luquan 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 Luquan EPC Agreement shall be paid by Luquan GCL to Xi'an Datang Electric in accordance with the following milestones:

Payment terms for the solar power station equipment

First instalment: 10% of the estimated equipment fees shall be paid by Luquan GCL to Xi'an Datang Electric as prepayment immediately after the signing of the Luquan EPC Agreement.

Subsequent instalments: Luquan GCL shall pay up to 100% of the equipment procurement fees (by instalments) upon the earlier of (i) within eight (8) months after the payment date of each instalment under the Luquan Equipment Purchase Agreements; or (ii) the date on which the solar power station equipment is pledged and/or mortgaged and the bank releases the loan funds for the Luquan Project.

Payment terms for the construction, installation and other services and other construction materials relating to the Luquan Project

First instalment: 10% of the estimated service fees shall be paid by Luquan GCL to Xi'an Datang Electric as prepayment upon signing of the Luquan EPC Agreement.

Second instalment: Luquan GCL shall pay Xi'an Datang Electric:

- (a) 75% (in aggregate) of the estimated service fees upon the earlier of (i) 60 days from the date on which 90% capacity of the on-grid power connection facilities for the Luquan Project are in place; or (ii) within 7 days from the date of reaching 90% capacity on-grid power connection for the Luquan Project; or
- (b) 85% (in aggregate) of the estimated service fees if the facilities for the full capacity on-grid power connection for the Luquan Project are partially in place, but the remaining facilities are incomplete due to problems of Luquan GCL.

Third instalment:

At least 95% (in aggregate) of the estimated service fees shall be paid by Luquan GCL to Xi'an Datang 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 5% of the estimated service fees shall be paid by Luquan GCL to Xi'an Datang Electric after the expiration of the warranty period provided that there are no quality issues, or any issues have been remedied by Xi'an Datang Electric.

(vi) *Guarantee*

Pursuant to the Luquan GNE Guarantee, GNE has agreed to provide a guarantee for RMB117,801,248, being the total contract price, as well as for damages, legal fees, administrative fees and other amounts due to Xi'an Datang Electric in respect of Luquan GCL's obligations under the Luquan EPC Agreement.

(vii) *Luquan EPC Supplemental Agreement*

Pursuant to the Luquan EPC Supplemental Agreement, Suzhou GCL New Energy and Luquan GCL will act as joint principals and agreed to engage Xi'an Datang Electric as contractor to provide EPC services in relation to the Luquan Project. Suzhou GCL New Energy and Luquan GCL agreed to undertake the relevant obligations and liabilities under the Luquan EPC Agreement.

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

- (a) if a bank loan has been obtained for the Luquan Project by pledging the solar power station and the income arising from electricity generated from the Luquan Project, the joint principals shall, immediately and with first priority, pay Xi'an Datang Electric the amounts advanced by Xi'an Datang Electric under the Luquan EPC Agreement utilizing funds from the bank loan; and
- (b) prior to obtaining the bank loan, the joint principals shall pledge all of the income arising from electricity generated from the Luquan Project and account receivables to Xi'an Datang Electric as security.

F. Principal terms of the Luquan Equipment Purchase Agreement

(i) Date

31 May 2018

(ii) Parties

- (a) Principal: Luquan GCL
- (b) Supplier: Zhenjiang GCL New Energy
- (c) Customer: Xi'an Datang Electric

(iii) Subject Matter

Zhenjiang GCL New Energy agreed to supply, and Xi'an Datang Electric agreed to purchase certain solar power station equipment for a consideration of RMB96,620,429 for the Luquan Project.

(iv) Basis of Consideration

The Luquan 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 Luquan Equipment Purchase Agreement shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy in accordance with the following milestones:

First instalment: 60% of the total consideration shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy within two (2) weeks from the date on which Xi'an Datang Electric receives the prepayment for the solar power station equipment from Luquan GCL under the Luquan EPC Agreement.

Second instalment: 40% of the total consideration shall be paid by Xi'an Datang Electric to Zhenjiang GCL New Energy within four (4) weeks from the date on which Xi'an Datang Electric receives the prepayment for the solar power station equipment from Luquan GCL under the Luquan EPC Agreement.

2. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As a developer of photovoltaic power station project, the GNE Group has to engage contractors to provide EPC services to construct its power generation projects. Xi'an Datang 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 Kunming Equipment Purchase Agreement, the Honghe Equipment Purchase Agreement, and the Luquan Equipment Purchase Agreement, Zhenjiang GCL New Energy sells certain solar power station equipment (the "**Solar Power Station Equipment**") to Xi'an Datang Electric. Zhenjiang GCL New Energy purchases the Solar Power Station Equipment from its suppliers under the relevant supply agreements (the "**Supply Agreements**") on payment terms different from those under each of the Kunming Equipment Purchase Agreement, the Honghe Equipment Purchase Agreement and the Luquan Equipment Purchase Agreement. Under the Supply Agreements, payment by Zhenjiang GCL New Energy is by instalments over a one-year period following signing of the relevant Supply Agreements, whereas under each of the Kunming Equipment Purchase Agreement, the Honghe Equipment Purchase Agreement and the Luquan Equipment Purchase Agreement, Zhenjiang GCL New Energy receives full consideration from Xi'an Datang Electric within 6 weeks of signing of each of the Kunming Equipment Purchase Agreement, the Honghe Equipment Purchase Agreement and the Luquan Equipment Purchase Agreement.

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

Under the Kunming EPC Agreement, the Honghe EPC Agreement and the Luquan EPC Agreement, Xi’an Datang Electric sells the solar power station equipment to the GNE Group at a premium of the consideration payable by Xi’an Datang Electric under the Kunming Equipment Purchase Agreement, the Honghe Equipment Purchase Agreement and the Luquan Equipment Purchase Agreement, respectively. 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 Current EPC 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 (including the independent non-executive GCL-Poly Directors) consider that the terms of the Current EPC and Equipment Purchase Agreements are fair and reasonable and on normal commercial terms and are in the interest of GCL-Poly and GCL-Poly Shareholders as a whole.

3. LISTING RULES IMPLICATIONS

GCL-Poly

As none of the applicable percentage ratios in respect of the Current EPC and Equipment Purchase Agreements, each on a standalone basis, exceeds 5%, the entering into of the Current EPC and Equipment Purchase Agreements does not constitute a discloseable transaction for GCL-Poly under Chapter 14 of the Listing Rules.

As Wuxi Huaguang (a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange, with stock code 600475) holds approximately 24.81% shareholding interest in Konca Solar (a subsidiary of GCL-Poly, as at the date of this joint announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of GNE), Wuxi Huaguang is a connected person of GCL-Poly at the subsidiary level (but not a connected person of GNE). In addition, Wuxi Huaguang effectively holds approximately 90.33% of shareholding interests in Xi’an Datang Electric, Xi’an Datang Electric is therefore an associate of a connected person of GCL-Poly at the subsidiary level (but not a connected person of GNE).

As the highest applicable percentage ratio in respect of each of the Current EPC and Equipment Purchase Agreements, on a standalone basis, exceeds 1% but is less than 5%, the entering into of each of the Current EPC and Equipment Purchase Agreements, on a standalone basis, constitutes a connected transaction of GCL-Poly under Chapter 14A of the Listing Rules.

As the Current EPC and Equipment Purchase Agreements are entered into within a 12-month period, the Current EPC and Equipment Purchase Agreements shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Current EPC and Equipment Purchase Agreements (in aggregate) exceeds 5%, the entering into of the Current EPC and Equipment Purchase Agreements (in aggregate) constitutes a connected transaction of GCL-Poly under Chapter 14A of the Listing Rules. The GCL-Poly Directors (including the independent non-executive GCL-Poly Directors) have approved the Current EPC and Equipment Purchase Agreements and confirmed that the terms of the Current EPC and Equipment Purchase Agreements are fair and reasonable, the Current EPC and Equipment Purchase Agreements are on normal commercial terms or better and in the interests of GCL-Poly and GCL-Poly Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the entering into of the Current EPC and Equipment Purchase Agreements is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and shareholders' approval requirements.

GNE

As none of the applicable percentage ratios in respect of the Luquan EPC and Equipment Purchase Agreements exceeds 5%, the entering into of the Luquan EPC and Equipment Purchase Agreements does not constitute a discloseable transaction for GNE under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the Kunming EPC and Equipment Purchase Agreements and the Honghe EPC and Equipment Purchase Agreements, exceeds 5% but is less than 25%, the entering into of each of the Kunming EPC and Equipment Purchase Agreements and Honghe EPC and Equipment Purchase Agreements constitutes a discloseable transaction for GNE and GNE shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

4. INFORMATION ABOUT GCL-POLY, GNE AND XI'AN DATANG 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 joint 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.

Xi'an Datang Electric

Xi'an Datang Electric was established in 1991. It is an established EPC contractor and principally engaged in the provision of sub-contracting services in relation to new energy projects such as procurement and sale of equipment and materials, installation and testing of equipment, design, construction and technical consultancy. Xi'an Datang Electric is a connected person of GCL-Poly at the subsidiary level but not a connected person of GNE.

5. DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“EPC”	engineering, procurement and construction
“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 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 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 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
“Konca Solar”	Konca Solar Cell Co., Ltd.* (高佳太陽能股份有限公司), a subsidiary of GCL-Poly which is incorporated in the PRC with limited liability
“Honghe Equipment Purchase Agreement”	the equipment purchase agreement dated 31 May 2018 entered into between Xi’an Datang Electric as customer, Zhenjiang GCL New Energy as supplier and Honghe Ruixin as principal in relation to the sale and purchase of certain solar power station equipment for the Honghe Project
“Honghe GNE Guarantee”	the agreement dated 31 May 2018 entered into between GNE and Xi’an Datang Electric in connection with the guarantee provided by GNE to Xi’an Datang Electric in respect of Honghe Ruixin’s obligations under the Honghe EPC Agreement
“Honghe EPC Agreement”	the EPC agreement dated 31 May 2018 entered into between Honghe Ruixin as principal and Xi’an Datang Electric as contractor for the Honghe Project
“Honghe EPC Supplemental Agreement”	the EPC supplemental agreement dated 31 May 2018 entered into between Suzhou GCL New Energy and Honghe Ruixin as joint principals and Xi’an Datang Electric as contractor for the Honghe Project
“Honghe Project”	the 40MW photovoltaic power station project located in Yisa Town, Honghe County, Honghe Prefecture, Yunnan Province, the PRC
“Honghe Ruixin”	Honghe Ruixin Photovoltaic Power Co., Ltd* (紅河縣瑞欣光伏發電有限公司), an indirect subsidiary of GCL-Poly and GNE which is incorporated in the PRC with limited liability

“Kunming Equipment Purchase Agreement”	the equipment purchase agreement dated 31 May 2018 entered into between Xi’an Datang Electric as customer, Zhenjiang GCL New Energy as supplier and Kunming Xufeng as principal in relation to the sale and purchase of certain solar power station equipment for the Kunming Project
“Kunming GNE Guarantee”	the agreement dated 31 May 2018 entered into between GNE and Xi’an Datang Electric in connection with the guarantee provided by GNE to Xi’an Datang Electric in respect of Kunming Xufeng’s obligations under the Kunming EPC Agreement
“Kunming EPC Agreement”	the EPC agreement dated 31 May 2018 entered into between Kunming Xufeng as principal and Xi’an Datang Electric as contractor for the Kunming Project
“Kunming EPC Supplemental Agreement”	the EPC supplemental agreement dated 31 May 2018 entered into between Suzhou GCL New Energy and Kunming Xufeng as joint principals and Xi’an Datang Electric as contractor for the Kunming Project
“Kunming Project”	the 45MW photovoltaic power station project located in Tangdan Town, Dongchuan Area, Kunming City, Yunnan Province, the PRC
“Kunming Xufeng”	Kunming Xufeng Photovoltaic Power Co., Ltd* (昆明旭峰光伏發電有限公司), an indirect subsidiary of GCL-Poly and GNE which is incorporated in the PRC with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Luquan Equipment Purchase Agreement”	the equipment purchase agreement dated 31 May 2018 entered into between Xi’an Datang Electric as customer, Zhenjiang GCL New Energy as supplier and Luquan GCL as principal in relation to the sale and purchase of certain solar power station equipment for the Luquan Project
“Luquan GCL”	Luquan GCL Photovoltaic Power Co., Ltd* (祿勸協鑫光伏發電有限公司), an indirect subsidiary of GCL-Poly and GNE which is incorporated in the PRC with limited liability

“Luquan GNE Guarantee”	the agreement dated 31 May 2018 entered into between GNE and Xi’an Datang Electric in connection with the guarantee provided by GNE to Xi’an Datang Electric in respect of Luquan GCL’s obligations under the Luquan EPC Agreement
“Luquan EPC Agreement”	the EPC agreement dated 31 May 2018 entered into between Luquan GCL as principal and Xi’an Datang Electric as contractor for the Luquan Project
“Luquan EPC Supplemental Agreement”	the EPC supplemental agreement dated 31 May 2018 entered into between Suzhou GCL New Energy and Luquan GCL as joint principals and Xi’an Datang Electric as contractor for the Luquan Project
“Luquan Project”	the 25MW photovoltaic power station project located in Maoshan Town, Luquan County, Kunming City, Yunnan Province, the PRC
“MW”	megawatt(s)
“PRC”	the People’s Republic of China
“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 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
“Wuxi Huaguang”	Wuxi Huaguang Guolu Holding Limited* (無錫華光鍋爐股份有限公司), a company incorporated in the PRC and the Shares of which are listed on the Shanghai Stock Exchange with stock code 600475
“Xi’an Datang Electric”	Xi’an Datang Electric Power Design and Research Institute Co., Ltd.* (西安大唐電力設計研究院有限公司), a company 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, 31 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.