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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)

**(1) DISCLOSEABLE TRANSACTION
DISPOSAL OF 70% EQUITY INTEREST
IN SUBSIDIARIES**

**(2) POSSIBLE MAJOR TRANSACTION
GRANT OF PUT OPTION**

**(1) MAJOR TRANSACTION
DISPOSAL OF 70% EQUITY INTEREST
IN SUBSIDIARIES**

**(2) POSSIBLE MAJOR TRANSACTION
GRANT OF PUT OPTION**

THE SHARE PURCHASE AGREEMENTS

The GCL-Poly Board and the GNE Board jointly announce that on 22 May 2019 (after trading hours), Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) (the “**Seller**”), an indirect subsidiary of GNE and GCL-Poly, entered into a series of seven equity transfer and joint venture agreements (the “**Share Purchase Agreements**”) with Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司) (the “**Purchaser**”) and Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), an indirect wholly-owned subsidiary of GNE and an indirect subsidiary of GCL-Poly (the “**Guarantor**”) in relation to:

- (a) the sale of 70% of the equity interests in the Target Companies (the “**Sale Shares**”), together with 70% of the Shareholder’s Loan (the “**Sale Shareholder’s Loan**”), for an aggregate consideration of RMB1,740,616,700 in cash (the “**Consideration**”); and
- (b) the grant of put options by the Seller to the Purchaser and/or the Target Companies, pursuant to which the Purchaser and/or the Target Companies are entitled to, upon the occurrence of certain specified events, request the Seller to repurchase (i) the Sale Shares (if requested by the Purchaser) and/or the entire equity interests of any subsidiary of the Target Companies (each a “**Project Company**” and together the “**Project Companies**”) (if requested by the Purchaser and/or Target Companies); and (ii) the relevant shareholder’s loans outstanding at the time (the “**Put Options**”).

In connection with the Transactions:

- (a) the Seller and the Purchaser entered into the Share Pledge Agreements on 22 May 2019, pursuant to which the Seller agreed to pledge its remaining equity interest in the Target Companies (being 30% of the equity interests of the Target Companies) to the Purchaser as security for the due performance of its obligations under the Share Purchase Agreements; and
- (b) Suzhou GCL Operation and Shanxi GNE and Hebei GNE entered into the OMM Agreements on 22 May 2019, pursuant to which Suzhou GCL Operation (and/or its affiliates) agreed to provide operation, maintenance and management services in relation to the solar power plants held by the Target Companies for a period of three years commencing on the Closing Date, renewable by another three years at the discretion of the Purchaser, Shanxi GNE and Hebei GNE.

INFORMATION ON THE PURCHASER

The Purchaser is a special purpose vehicle incorporated in the PRC with limited liability and is majority-held by Ningbo Rongshang Investment Partnership (Limited Partnership)* (寧波榕尚投資合夥企業(有限合夥)) (the “**Investment Fund**”), a limited partnership established under the laws of the PRC which was formed for the purpose of investing in strategic emerging industry projects such as new energy, clean energy and new materials. The general partner of the Investment Fund is Tibet Yunshang Investment Fund Management Co., Ltd.* (西藏雲尚股權投資基金管理有限公司), a company incorporated in the PRC with limited liability (the “**GP**”). The Investment Fund intends to raise funds of RMB6.001 billion and acquire the equity interests of the Target Companies under the Transactions through the Purchaser.

To the best of the GCL-Poly Directors’ and the GNE Directors’ knowledge, information and belief after having made all reasonable enquiries, the Purchaser, the Investment Fund, the GP and their ultimate beneficial owner(s) are third parties independent of GCL-Poly and GNE and their connected persons.

REASONS AND BENEFITS OF THE TRANSACTIONS

As part of its “transformation and upgrade” development objective, GNE has been taking steps towards transforming its business to an asset-light model. Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the GNE Group and the GCL-Poly Group, and the profits and loss as well as the assets and liabilities of the Target Companies and the Project Companies 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 RMB5,799,000,000. Meanwhile, the cash derived from the Transactions amounted to approximately RMB2,060,000,000, which will be used for further

repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 2.34%, calculated with reference to the audited financial statements of the GNE Group in 2018, effectively reducing the financial risks.

Following the completion of the Transactions, the GNE Group will provide operation, maintenance and management services for the solar power plants held by the Target Companies under the OMM Agreements, which will generate stable service fees to the GNE Group.

Furthermore, leveraging on its solid financial strength, the Purchaser will strive to replace the related debts to reduce financial cost and enhance the yield of the solar power plants.

After the completion of the Transactions, the GNE Group and the Purchaser 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.

Based on the above reasons and having considered all relevant factors, the GNE Directors believe and consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Share Purchase Agreements 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 Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Share Purchase Agreements is in the interests of GCL-Poly and GCL-Poly Shareholders as a whole.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration and the payment of outstanding dividends from the Project Company/Target Company) is expected to be approximately RMB2,060,000,000, which GNE intends to use for repayment of its debts.

LISTING RULES IMPLICATIONS

GCL-Poly

As the Seller, an indirect subsidiary of GCL-Poly, entered into the Disposals with the Purchaser within a 12-month period, the Disposals shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the Disposals is over 5% but less than 25%, the entering into of the Disposals constitutes a discloseable transaction of GCL-Poly under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Seller, an indirect subsidiary of GCL-Poly, entered into the Put Options with the Purchaser within a 12-month period, the Put Options shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchaser or the Target Companies upon the occurrence of certain specified events, with the exercise price for the Put Options to be determined in accordance with the terms of the Share Purchase Agreements. As the actual monetary value of the exercise price of the Put Options are not known at the time of granting the Put Options, the grant of the Put Options shall be classified as at least a major transaction for GCL-Poly pursuant to Rule 14.76(1) of the Listing Rules. The grant of the Put Options is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GNE

As GNE entered into the Disposals with the Purchaser within a 12-month period, the Disposals shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the Disposals is over 25% but less than 75%, the entering into of the Disposals constitutes a major transaction of GNE under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As GNE entered into the Put Options with the Purchaser within a 12-month period, the Put Options shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchaser or the Target Companies upon the occurrence of certain specified events, with the exercise price for the Put Options to be determined in accordance with the terms of the Share Purchase Agreements. As the actual monetary value of the exercise price of the Put Options are not known at the time of granting the Put Options, the grant of the Put Options shall be classified as at least a major transaction for GNE pursuant to Rule 14.76(1) of the Listing Rules. The grant of the Put Options is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The GCL-Poly EGM will be convened for the GCL-Poly Shareholders to consider and, if thought fit, approve the Put Options and the entering into and performance of obligations under the Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Share Purchase Agreements, is expected to be despatched to the GCL-Poly Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this joint announcement.

The GNE SGM will be convened for the GNE Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Share Purchase Agreements, is expected to be despatched to the GNE Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this joint announcement.

1. INTRODUCTION

The GCL-Poly Board and the GNE Board jointly announce that on 22 May 2019 (after trading hours), the Seller entered into a series of seven Share Purchase Agreements with the Purchaser and the Guarantor pursuant to which the Seller agreed to, among other things, (a) sell the Sale Shares and the Sale Shareholder's Loan; and (b) grant the Put Options, to the Purchaser and/or the Target Companies.

2. THE SHARE PURCHASE AGREEMENTS

The principal terms of the Share Purchase Agreements are set out below.

Date

22 May 2019 (after trading hours)

Parties

- (i) The Seller: Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
- (ii) The Purchaser: Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司)
- (iii) The Guarantor: Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司)

Assets to be sold

- (i) The Sale Shares, being 70% of the equity interests in each Target Company
- (ii) The Sale Shareholder's Loan, being 70% of the Shareholder's Loan in relation to each Target Company

The Target Companies own 19 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW.

The table below sets out the Target Companies under each of the Share Purchase Agreements:

Share Purchase Agreements

Target Companies

I	Shanxi GCL New Energy Technologies Co., Ltd.* (山西協鑫新能源科技有限公司) (“ <i>Shanxi GNE</i> ”)
II	Fenxi County GCL Photovoltaic Co., Ltd.* (汾西縣協鑫光伏電力有限公司) (“ <i>Fenxi GCL</i> ”)
III	Ruicheng County GCL Photovoltaic Co., Ltd.* (芮城縣協鑫光伏電力有限公司) (“ <i>Ruicheng GCL</i> ”)
IV	Yu County Jinyang New Energy Power Generation Co., Ltd.* (孟縣晉陽新能源發電有限公司) (“ <i>Yu County Jinyang</i> ”)
V	Yu County GCL Photovoltaic Co., Ltd.* (孟縣協鑫光伏電力有限公司) (“ <i>Yu County GCL</i> ”)
VI	Hanneng Guangping County Photovoltaic Development Co., Ltd.* (邯能廣平縣光伏電力開發有限公司) (“ <i>Hanneng Guangping</i> ”)
VII	Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司) (“ <i>Hebei GNE</i> ”)

For further information relating to the Target Companies, please refer to the section headed “Information on the Target Companies” below.

Consideration

The Consideration under each of the Share Purchase Agreements shall be an aggregate of (i) the consideration for the Sale Shares (the “**Share Price**”) and (ii) the consideration for the Sale Shareholder's Loan (the “**Shareholder's Loan Price**”). The aggregate Consideration under the Share Purchase Agreements is RMB1,740,616,700.

The table below sets out the consideration in respect of the Target Companies under each of the Share Purchase Agreements:

Share Purchase Agreements	Share Price <i>RMB</i>	Shareholder's Loan Price <i>RMB</i>	Consideration <i>RMB</i>
I	176,960,000	68,505,900	245,465,900
II	174,300,000	0	174,300,000
III	120,400,000	31,626,300	152,026,300
IV	291,200,000	13,570,400	304,770,400
V	98,700,000	0	98,700,000
VI	89,600,000	19,644,100	109,244,100
VII	656,110,000	0	656,110,000
Total	1,607,270,000	133,346,700	1,740,616,700

Basis of the Consideration

- (i) The Share Price was determined after arm's length negotiations between the Seller and the Purchaser, taking into account, among other things: (i) the net asset value of each of the Target Companies as at the Base Date (i.e. 30 November 2018); and (ii) the financial performance of each of the Target Companies;
- (ii) The Shareholder's Loan Price was determined according to the principal amount of the relevant Shareholder's Loan pro-rated to the post-closing 70% equity interest of the Purchaser in each Target Company.

Payment arrangements

The aggregate Consideration under the Share Purchase Agreements shall be paid by the Purchaser to the Seller in the following manner:

Payment of the Share Price

First instalment RMB1,125,089,000, being 70% of the aggregate Share Price, shall be payable within 10 Business Days after the delivery of the relevant closing deliverables under each of the Share Purchase Agreements.

Second instalment RMB370,201,000, being the aggregate Share Price less (i) the amount paid in the first instalment; and (ii) the amounts to be paid under the third and fourth instalments, shall be payable within 15 Business Days from the later of:

- (a) the issuance of the Closing Audit Report (defined below); and
- (b) the completion of the relevant registration or filing of the change in the relevant Target Company or Project Company's legal representative, director, supervisor and senior management.

Third instalment RMB46,720,000, representing the security deposit for the Seller's rectification of defects in the Project Companies in accordance with the Share Purchase Agreements.

Specified portion of the third instalment shall be paid to the Seller within 10 Business Days after the Seller has completed the rectification of a specific defect and the delivering of relevant evidence of rectification to the satisfaction of the Purchaser.

Fourth instalment RMB65,260,000, being 10% of the aggregate Share Price, representing the guarantee that certain Target Projects that are currently not in the national subsidy catalogue will enter such catalogue.

After the Closing Date and within 15 Business Days after each Target Project's application for national subsidy is accepted, the Purchaser shall pay 50% of the relevant portion of the fourth instalment to the Seller.

Within 15 Business Days after the Project Company is accepted to the national subsidy catalogue, the Purchaser shall pay the remaining 50% of the relevant portion of the fourth instalment to the Seller.

Payment of the Shareholder's Loan Price

First instalment RMB133,346,700, being the Shareholder's Loan Price, shall be payable within 10 Business Days after the delivery of the closing deliverables under each of the relevant Share Purchase Agreements.

- (ii) the obtaining of all required permits and consents, including: the Seller and the Guarantor having obtained all the necessary consents, permits and other documents required for the entering into and performance of their respective obligations under the Share Purchase Agreements in accordance with applicable laws, regulations, finance documents (if applicable) and constitutional documents, including the passing of an ordinary resolution approving the transactions contemplated under the Share Purchase Agreements in accordance with the Listing Rules by (a) the GNE Shareholders at the GNE SGM; and (b) the GCL-Poly Shareholders at the GCL-Poly EGM;
- (iii) the Seller having procured the Target Company and the Project Companies to obtain key compliance documents from the relevant authorities specified in the Share Purchase Agreements (or a compliance confirmation letter or other documentations from the relevant authorities to the satisfaction of the Purchaser if such key compliance documents are not available);
- (iv) the Seller having obtained the notification from the relevant business registration authority for the registration of the share pledge over its remaining equity interest in the Target Company pursuant to the Share Pledge Agreements;
- (v) there being no event which has a Material Adverse Effect on the Target Company and the Project Companies (or such events having been rectified);
- (vi) there being no law, judgment, decision, prohibition or order made by relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares; and
- (vii) the statements, representations, warranties and undertakings of the Seller being true, complete and accurate.

The Seller undertakes to the Purchaser that all the conditions precedent will be fulfilled after 45 days of the date of the Share Purchase Agreements (the “**Final Date for Fulfilment of the Conditions Precedent**”). If any conditions precedent cannot be fulfilled before the Final Date for Fulfilment of the Conditions Precedent, the Purchaser can request the Seller to pay liquidated damages of 0.05% of the Share Price for each day of delay, subject to a cap of 5% of the Share Price. The Purchaser can terminate the Share Purchase Agreements if the conditions precedent have not been fulfilled after 60 days of the Final Date of Fulfilling the Conditions Precedent.

Closing

Closing shall take place within five Business Days (or any longer period as specified by the Purchaser in writing) after all the conditions precedent have been fulfilled or waived (as the case may be).

The date of the issuance as stated on the new business certificate of the Target Company shall be the Closing Date.

Closing Audit Report

Pursuant to the Share Purchase Agreements, the Seller and the Purchaser shall engage an auditing agency to audit the financial condition of the Target Companies for the period from the Base Date (i.e. 30 November 2018) to the Closing Date and prepare a closing audit report within 30 days after the Closing Date (the “**Closing Audit Report**”).

Subject to certain exceptions, the Seller and the Purchaser shall share the profits or losses incurred from the daily operations of the Target Companies and the Project Companies during the period from the Base Date to the Closing Date in accordance with their respective post-closing shareholding in the Target Companies.

Post-closing management of the Target Companies

After the Closing Date, the board of directors of Shanxi GNE and Hebei GNE shall comprise seven directors, and they shall be nominated by shareholders and elected at the shareholders’ meeting. The Purchaser is entitled to nominate five directors and the Seller is entitled to nominate two directors. Shanxi GNE and Hebei GNE will appoint one general manager to be recommended by the Seller. Apart from Shanxi GNE and Hebei GNE, the other Target Companies shall appoint one executive director, to be recommended by the Purchaser.

After the Closing Date, Shanxi GNE and Hebei GNE shall establish a board of supervisors comprising three supervisors. The Purchaser and the Seller will each be entitled to nominate one supervisor. The remaining supervisor shall be the employee supervisor elected by all the employees or at the employee representative meeting. Apart from Shanxi GNE and Hebei GNE, the other Target Companies shall have one supervisor nominated by the Purchaser and appointed at the shareholders’ meeting.

Security

Pursuant to the Share Purchase Agreements, the Guarantor agreed to provide a guarantee on a joint and several basis to secure the due performance by the Seller of its obligations under the Share Purchase Agreements.

In connection with the Share Purchase Agreements, the Seller and the Purchaser have entered into the Share Pledge Agreements on 22 May 2019, pursuant to which the Seller agreed to pledge its remaining equity interest in Shanxi GNE and Hebei GNE (being 30% of the equity interests of Shanxi GNE and Hebei GNE) to the Purchaser as security for the due performance of its obligations under the Share Purchase Agreements.

Grant of Put Options

(a) *Repurchase of Project Company*

Within five years of the Closing Date and at the option of the Purchaser and/or the Target Company, the Seller shall be required to repurchase the entire equity interest of any Project Company and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, the Purchaser and/or its affiliates in accordance with the Share Purchase Agreements upon the occurrence of certain specified events, such as certain material defaults not being rectified by the Seller within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

(b) *Repurchase of Target Company*

Within five years of the Closing Date and at the option of the Purchaser, the Seller shall be required to repurchase the Sale Shares and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by the Purchaser and/or its affiliates in accordance with the Share Purchase Agreements if (i) the Purchaser has required the Seller to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the Share Purchase Agreements; or (ii) the occurrence of other specified repurchase events.

(c) *Repurchase price for (a) and (b)*

The repurchase price for a Project Company or a Target Company shall be the aggregate of (i) the share repurchase price (calculated with reference to the equity investment cost of the Purchaser for the relevant Project Company or Target Company, *adding* the expected investment income of the Purchaser and *less* any dividend declared after the Closing Date); and (ii) the purchase price of the then outstanding shareholder's loan.

3. THE OMM AGREEMENTS

In connection with the Transactions, Suzhou GCL Operation, Shanxi GNE and Hebei GNE, entered into the OMM Agreements on 22 May 2019, pursuant to which Suzhou GCL Operation (and/or its affiliates) agreed to provide operation, maintenance and management services to Shanxi GNE and Hebei GNE (and/or their affiliates) in relation to the solar power plants held by the Target Companies for a period of three years commencing on the Closing Date, renewable by another three years at the discretion of the Purchaser, Shanxi GNE and Hebei GNE.

As consideration for the Seller (and/or its affiliates) undertaking the operation, maintenance and management services, the Purchaser will pay the Seller a service fee calculated with reference to the electricity sale volume. In addition, the Purchaser will pay the Seller an incentive fee if it

achieves in aggregate more than certain agreed minimum electricity sale volumes and revenues for each project operated by the Project Companies. Conversely, under the OMM Agreements and the Share Purchase Agreements, if the aggregate electricity sale volumes and revenues for each project operated by the Project Companies are less than the specified minimum electricity sale volumes and revenues, the Seller will compensate the Purchaser in accordance with the Share Purchase Agreements.

4. INFORMATION ON THE PARTIES TO THE SHARE PURCHASE AGREEMENTS

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 issue share capital of GNE.

The GNE Group

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

The Seller

The Seller is a company incorporated in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly. The Seller 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.

5. INFORMATION ON THE PURCHASER

The Purchaser is a special purpose vehicle incorporated in the PRC with limited liability and is majority-held by Ningbo Rongshang Investment Partnership (Limited Partnership)* (寧波榕尚投資合夥企業(有限合夥)) (the “**Investment Fund**”), a limited partnership established under the laws of the PRC which was formed for the purpose of investing in strategic emerging industry projects such as new energy, clean energy and new materials. The general partner of the Investment Fund is Tibet Yunshang Investment Fund Management Co., Ltd.* (西藏雲尚股權投資基金管理有限公司), a company incorporated in the PRC with limited liability (the “**GP**”). The Investment Fund intends to raise funds of RMB6.001 billion and acquire the equity interests of the Target Companies under the Transactions through the Purchaser.

To the best of the GCL-Poly Directors and the GNE Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser, the Investment Fund, the GP and their ultimate beneficial owner(s) are third parties independent of GCL-Poly and GNE and their connected persons.

6. INFORMATION ON THE TARGET COMPANIES

The table below sets out the information on the Target Companies under each of the Share Purchase Agreements:

Share Purchase Agreements

Information on the Target Companies

- | | |
|------------|--|
| I | Shanxi GNE is a company incorporated in the PRC with limited liability and is principally engaged in investment holding. Shanxi GNE is the holding company of the Shanxi GNE group companies, whose business primarily consists of the development, investment, construction and operation of photovoltaic projects. |
| II | Fenxi GCL is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Fenxi GCL is an indirect subsidiary of GNE. |
| III | Ruicheng GCL is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Ruicheng GCL is an indirect subsidiary of GNE. |
| IV | Yu County Jinyang is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Yu County Jinyang is an indirect subsidiary of GNE. |
| V | Yu County GCL is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Yu County GCL is an indirect subsidiary of GNE. |
| VI | Hanneng Guangping is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Hanneng Guangping is an indirect subsidiary of GNE. |

VII Hebei GNE is a company incorporated in the PRC with limited liability and is principally engaged in investment holding. Hebei GNE is the holding company of the Hebei GNE group companies, whose business primarily consists of the development, investment, construction and operation of photovoltaic projects.

As at the date of this joint announcement, Shanxi GNE and Hebei GNE hold equity interests in the following Project Companies:

Share Purchase Agreements	Name of Project Companies	Name of immediate shareholder(s)/ shareholding percentage attributable to immediate shareholder(s)
I	Taigu County Fengguang Power Generation Co., Ltd.* (太谷縣風光發電有限公司)	Shanxi GNE (100%)
I	Shanxi Yaoguang New Energy Technologies Co., Ltd.* (山西耀光新能源科技有限公司)	Shanxi GNE (100%)
I	Licheng GCL Photovoltaic Co., Ltd.* (黎城協鑫光伏電力有限公司)	Shanxi GNE (100%)
I	Shanxi Jiasheng Energy Holding Co., Ltd.* (山西佳盛能源股份有限公司)	Shanxi GNE (96%) Suzhou GNE (4%)
VII	Shangyi Yuanchen New Energy Development Co., Ltd.* (尚義元辰新能源開發有限公司)	Hebei GNE (100%)
VII	Shangyi GCL Photovoltaic Development Co., Ltd.* (尚義協鑫光伏電力開發有限公司)	Hebei GNE (100%)
VII	Zhangjiakou GCL Photovoltaic Co., Ltd.* (張家口協鑫光伏發電有限公司)	Hebei GNE (100%)
VII	Quyang Jingtou New Energy Technologies Co., Ltd.* (曲陽晶投新能源科技有限公司)	Hebei GNE (100%)
VII	Pingshan County Shijing New Energy Technologies Co., Ltd.* (平山縣世景新能源有限公司)	Hebei GNE (100%)
VII	Shineng Pingshan Photovoltaic Development Co., Ltd.* (石能平山光伏電力開發有限公司)	Hebei GNE (100%)
VII	Wuji County Xiecheng Photovoltaic Co., Ltd.* (無極縣協誠光伏發電有限公司)	Hebei GNE (100%)
VII	Wuyi Runfeng New Energy Co., Ltd.* (武邑潤豐新能源有限公司)	Hebei GNE (100%)
VII	Wuyi Xinyang New Energy Co., Ltd.* (武邑新陽新能源有限公司)	Hebei GNE (100%)
VII	Lincheng GCL Photovoltaic Co., Ltd.* (臨城協鑫光伏發電有限公司)	Hebei GNE (100%)

Set out below is an extract of the audited financial statements prepared for the financial year ended 31 December 2017 and the unaudited management accounts for the year ended 31 December 2018 of the Target Companies prepared in accordance with China Accounting Standards:

Share Purchase Agreements	Target Companies	Year ended 31 December 2018		Year ended 31 December 2017	
		Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit (loss) before taxation <i>RMB'000</i>	Profit (loss) after taxation <i>RMB'000</i>
I	Shanxi GNE	33,994	30,211	32,538	32,538
II	Fenxi GCL	32,972	32,971	13,877	13,877
III	Ruicheng GCL	27,460	27,460	11,963	11,963
IV	Yu County Jinyang	49,952	46,723	48,339	48,339
V	Yu County GCL	14,639	14,639	(260)	(260)
VI	Hanneng Guangping	28,031	24,492	27,809	27,809
VII	Hebei GNE	189,822	186,260	206,776	206,725

As at 31 December 2018, the aggregate net assets of the Target Companies amount to approximately RMB1,997,000,000.

7. FINANCIAL IMPACT OF THE TRANSACTIONS

After the Closing Date, the Target Companies and the Project Companies will cease to be subsidiaries of the GNE Group and the GCL-Poly Group, and the profits and loss as well as the assets and liabilities of the Target Companies and the Project Companies 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 relevant gain or loss resulting from the Disposals will not have any material impact on the earnings of the GNE Group or the GCL-Poly Group. The actual gain or loss as a result of the Disposals to be recorded by the GNE Group and the GCL-Poly Group is subject to audit and will be reassessed after completion of the Disposals.

8. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration and the payment of outstanding dividends from the Project Company/Target Company) is expected to be approximately RMB2,060,000,000, which GNE intends to use for repayments of its debts.

9. REASONS AND BENEFITS OF THE TRANSACTIONS

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 Transactions, the Target Companies will no longer be subsidiaries of the GNE Group and the GCL-Poly Group, and the profits and loss as well as the assets and liabilities of the Target Companies and the Project Companies 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 RMB5,799,000,000. Meanwhile, the cash derived from the Transactions amounted to approximately RMB2,060,000,000, which will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 2.34%, calculated with reference to the audited financial statements of the GNE Group in 2018, effectively reducing the financial risks.

Following the completion of the Transactions, the GNE Group will provide operation, maintenance and management services for the solar power plants held by the Target Companies under the OMM Agreements, which will generate stable service fees to the GNE Group.

Furthermore, leveraging on its solid financial strength, the Purchaser will strive to replace the related debts to reduce financial cost and enhance the yield of the solar power plants.

After the completion of the Transactions, the GNE Group and the Purchaser 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.

Based on the above reasons and having considered all relevant factors, the GNE Directors believe and consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Share Purchase Agreements 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 Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Share Purchase Agreements is in the interests of GCL-Poly and GCL-Poly Shareholders as a whole.

10. LISTING RULES IMPLICATIONS

GCL-Poly

As the Seller, an indirect subsidiary of GCL-Poly, entered into the Disposals with the Purchaser within a 12-month period, the Disposals shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the Disposals is over 5% but less than 25%, the entering into of the Disposals constitutes a discloseable transaction of GCL-Poly under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Seller, an indirect subsidiary of GCL-Poly, entered into the Put Options with the Purchaser within a 12-month period, the Put Options shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchaser or the Target Companies upon the occurrence of certain specified events, with the exercise price for the Put Options to be determined in accordance with the terms of the Share Purchase Agreements. As the actual monetary value of the exercise price of the Put Options are not known at the time of granting the Put Options, the grant of the Put Options shall be classified as at least a major transaction for GCL-Poly pursuant to Rule 14.76(1) of the Listing Rules. The grant of the Put Options is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GNE

As GNE entered into the Disposals with the Purchaser within a 12-month period, the Disposals shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the Disposals is over 25% but less than 75%, the entering into of the Disposals constitutes a major transaction of GNE under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As GNE entered into the Put Options with the Purchaser within a 12-month period, the Put Options shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchaser or the Target Companies upon the occurrence of certain specified events, with the exercise price for the Put Options to be determined in accordance with the terms of the Share Purchase Agreements. As the actual monetary value of the exercise price of the Put Options are not known at the time of granting the Put Options, the grant of the Put Options shall be classified as at least a major transaction for GNE pursuant to Rule 14.76(1) of the Listing Rules. The grant of the Put Options is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

11. GENERAL

The GCL-Poly EGM will be convened for the GCL-Poly Shareholders to consider and, if thought fit, approve the Put Options and the entering into and performance of obligations under the Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Share Purchase Agreements, is expected to be despatched to the GCL-Poly Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this joint announcement.

The GNE SGM will be convened for the GNE Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Share Purchase Agreements, is expected to be despatched to the GNE Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this joint announcement.

12. DEFINITIONS

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

“affiliated parties”	has the same meaning ascribed to it under “Accounting Standards for Enterprises No. 36 – Disclosure of Affiliated Parties (企業會計準則第36號—關聯方披露)”
“Base Date”	30 November 2018
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in China
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company
“Closing Audit Report”	the closing audit report prepared by an auditing agency to audit the financial status of the Target Companies in the period from the Base Date to the Closing Date in accordance with the Share Purchase Agreements
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the transactions contemplated under the Share Purchase Agreements, being the aggregate of the Share Price and the Shareholder’s Loan Price

“Disposals”	the proposed disposals of the Sale Shares and the Sale Shareholder’s Loan by the Seller to the Purchaser as contemplated under the Share Purchase Agreements
“Effective Date”	the date on which the Share Purchase Agreements become effective, which is when the necessary approvals for the Transactions are obtained from, or the necessary filings are made with, the relevant PRC authorities
“Fenxi GCL”	Fenxi County GCL Photovoltaic Co., Ltd.* (汾西縣協鑫光伏電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“Final Date for Fulfilment of the Conditions Precedent”	45 days after the date of the Share Purchase Agreements
“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 EGM”	the extraordinary general meeting of GCL-Poly to be convened to consider and, if thought fit, approve the Put Options and the entering into and performance of obligations under the Share Purchase Agreements
“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 SGM”	the special general meeting of GNE to be convened to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Share Purchase Agreements
“GNE Shareholders”	the shareholders of GNE
“GP”	Tibet Yunshang Investment Fund Management Co., Ltd.* (西藏雲尚股權投資基金管理有限公司), a company incorporated in the PRC with limited liability
“Guarantor”	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of GNE and an indirect subsidiary of GCL-Poly
“Hanneng Guangping”	Hanneng Guangping County Photovoltaic Development Co., Ltd.* (邯能廣平縣光伏電力開發有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“Hebei GNE”	Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Fund”	Ningbo Rongshang Investment Partnership (Limited Partnership)* (寧波榕尚投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Material Adverse Effect”	<p>means any agreement, arrangement, event, condition:</p> <ul style="list-style-type: none"> (i) caused by the failure by the Seller, the Target Companies or the Project Companies to perform any obligations under relevant laws or the Share Purchase Agreements, capable of causing a negative impact on the relevant Project Company’s annual pre-tax or operating income by 5% or more compared to its previous year; or (ii) that is capable of affecting the normal operation of the Target Companies or the Project Companies, including but not limited to such companies obtaining the relevant qualifications, permits, filings, registrations, approval, etc.
“MW”	megawatt(s)
“OMM Agreements”	<p>the two operation, maintenance and management agreements dated 22 May 2019 entered into between Suzhou GCL Operation, Shanxi GNE and Hebei GNE, pursuant to which Suzhou GCL Operation (and/or its affiliates) agreed to provide operation, maintenance and management services to Shanxi GNE and Hebei GNE (and/or their affiliates) in relation to the solar power plants held by the Target Companies</p>
“PRC”	<p>the People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan</p>

“Pre-Closing Reorganisation”	certain pre-closing reorganisations required under the Share Purchase Agreements, under which (a) all subsidiaries of the Target Companies that are not within the scope of the Share Purchase Agreements shall be transferred (applicable to Share Purchase Agreements I and VII only); (b) the Seller shall acquire 0.58% of equity interest in Yu County Jinyang from Sungrow Power Supply Co., Ltd.* (陽光電源股份有限公司) (applicable to Share Purchase Agreement IV only); (c) the debts owed by each Project Company to its shareholders and affiliated parties shall be restructured as owing to the Target Company (applicable to Share Purchase Agreements I and VII only); and (d) the debts owed by the Target Company to its shareholders and affiliated parties shall be restructured as owing to the Seller
“Project Company(ies)”	direct subsidiaries of the Target Companies, details of which can be found in the section headed “Information on the Target Companies” of this joint announcement
“Purchaser”	Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司), a company incorporated in the PRC with limited liability and a subsidiary controlled by the Investment Fund
“Put Options”	the put options granted to the Purchaser and/or the Target Company under the Share Purchase Agreement, pursuant to which the Purchaser and/or the Target Company is entitled to, upon the occurrence of certain specified events, request the Seller to repurchase (a) the Sale Shares and/or the entire equity interests of any Project Company held by the Target Company; and (b) the relevant shareholder’s loans outstanding at the time
“RMB”	Renminbi, the lawful currency of the PRC
“Ruicheng GCL”	Ruicheng County GCL Photovoltaic Co., Ltd.* (芮城縣協鑫光伏電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“Sale Shares”	70% of the equity interest in the Target Companies held by the Seller
“Sale Shareholder’s Loan”	70% of the Shareholder’s Loan

“Seller”	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
“Shanxi GNE”	Shanxi GCL New Energy Technologies Co., Ltd.* (山西協鑫新能源科技有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“Share Pledge Agreements”	the share pledge agreements dated 22 May 2019 entered into between the Seller and the Purchaser whereby the Seller agrees to pledge its remaining equity interest in the Target Companies (being 30% of the equity interest in the Target Companies) to the Purchaser as a security for the performance of its obligations under the Share Purchase Agreements
“Share Price”	the consideration for the Sale Shares
“Share Purchase Agreements”	a series of seven equity transfer and joint venture agreements (numbered I to VII) dated 22 May 2019 entered into between the Seller and the Purchaser in relation to the Transactions
“Shareholder’s Loan”	the outstanding balance of loans between the Target Companies and the Seller upon the completion of the Pre-Closing Reorganisation
“Shareholder’s Loan Price”	the consideration for the Sale Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL Operation”	Suzhou GCL New Energy Operation and Technology Co., Ltd.* (蘇州協鑫新能源運營科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of GNE and an indirect subsidiary of GCL-Poly
“Target Company(ies)”	the seven target companies being the subject of the Disposals, details of which can be found in the section headed “Information on the Target Companies” of this joint announcement

“Target Project(s)”	19 operational solar power plants in the PRC owned by the Target Companies with an aggregate installed capacity of approximately 977MW located in the PRC
“Transactions”	the transactions contemplated under the Share Purchase Agreements, including the Disposals and the Put Options
“Yu County GCL”	Yu County GCL Photovoltaic Co., Ltd.* (孟縣協鑫光伏電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“Yu County Jinyang”	Yu County Jinyang New Energy Power Generation Co., Ltd.* (孟縣晉陽新能源發電有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE
“%”	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, 23 May 2019

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. Raymond Ho Chung Tai, 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. Sun Xingping and Ms. Hu Xiaoyan as executive directors of GNE; Ms. Sun Wei, Mr. Sha Hongqiu, 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.