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GCL-Poly Energy Holdings Limited

保利協鑫能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

**DISCLOSEABLE TRANSACTION WITH
CHINA KANGFU INTERNATIONAL
LEASING CO., LTD.***

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DISCLOSEABLE TRANSACTION WITH KANGFU INTERNATIONAL LEASING

On 27 June 2019, the GNE Group entered into the Yongcheng Finance Lease Agreements with Kangfu International Leasing, pursuant to which (i) Kangfu International Leasing shall purchase the Yongcheng Leased Assets from Yongcheng GCL New Energy at a consideration of RMB350,000,000; and (ii) following the acquisition, Kangfu International Leasing, as the lessor, shall lease the Yongcheng Leased Assets to Yongcheng GCL New Energy, as the lessee, for a term of 120 months at an aggregate estimated rent of approximately RMB499,564,886. In addition, pursuant to the Yongcheng Finance Lease Agreements, Yongcheng GCL New Energy shall pay Kangfu International Leasing a finance lease service fee of RMB22,750,000.

LISTING RULES IMPLICATIONS

GCL-Poly

As the highest applicable percentage ratio in respect of the Yongcheng Finance Lease Agreements exceeds 5% but is less than 25% for GCL-Poly, the entering into of the Yongcheng Finance Lease Agreements constitutes a discloseable transaction for GCL-Poly and is subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

GNE

As the highest applicable percentage ratio in respect of the Yongcheng Finance Lease Agreements exceeds 5% but is less than 25% for GNE, the entering into of the Yongcheng Finance Lease Agreements constitutes a discloseable transaction for GNE and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. PRINCIPAL TERMS OF THE YONGCHENG FINANCE LEASE AGREEMENTS

(i) Date: 27 June 2019

(ii) Parties: (1) Lessee and Seller: Yongcheng GCL New Energy
(2) Lessor and Purchaser: Kangfu International Leasing

(iii) The Yongcheng Finance Lease Agreements

Pursuant to the terms of the Yongcheng Finance Lease Agreements, (i) Kangfu International Leasing shall purchase the Yongcheng Leased Assets from Yongcheng GCL New Energy at a consideration of RMB350,000,000; and (ii) following the acquisition, Kangfu International Leasing, as the lessor, shall lease the Yongcheng Leased Assets to Yongcheng GCL New Energy, as the lessee, for a term of 120 months at an aggregate estimated rent of approximately RMB499,564,886.

(iv) Payment of Rent and Service Fee

The estimated aggregate amount of rent payable by Yongcheng GCL New Energy to Kangfu International Leasing under the Yongcheng Finance Lease is approximately RMB499,564,886 and shall be payable in 40 quarterly instalments. The interest rate under the Yongcheng Finance Lease shall be the applicable benchmark lending rate promulgated by the PBOC for a term of over 5 years from time to time move up by 45%.

In addition, Yongcheng GCL New Energy shall pay a finance lease service fee to Kangfu International Leasing in the amount of RMB22,750,000.

The terms of the Yongcheng Finance Lease including the lease rent, lease interest rate and the finance lease service fee were determined after arm's length negotiations between Kangfu International Leasing and Yongcheng GCL New Energy with reference to the prevailing market rates for (i) finance leases for similar assets; and (ii) similar finance lease services.

The price for the purchase of the Yongcheng Leased Assets payable by Kangfu International Leasing under the Yongcheng Finance Lease was determined through arm's length negotiation between the parties with reference to the average fair market price of similar equipment and the amount of financing agreed to be provided by Kangfu International Leasing.

(v) Ownership of the Yongcheng Leased Assets

During the term of the Yongcheng Finance Lease, the ownership of the Yongcheng Leased Assets shall vest in Kangfu International Leasing. Upon expiry of the term of the Yongcheng Finance Lease and subject to the full payment of the entire amount of the

lease rent and interest and any other amounts due under the Yongcheng Finance Lease, Yongcheng GCL New Energy shall have the right to purchase the Yongcheng Leased Assets from Kangfu International Leasing for a nominal purchase price of RMB10,000.

(vi) Security Arrangements for the Yongcheng Finance Lease

The obligations under the Yongcheng Finance Lease are secured by the Yongcheng Security Deposit, the Suzhou GCL Yongcheng Guarantee, the GCL New Energy Holdings Yongcheng Guarantee, the Yongcheng Leased Assets Mortgage Agreement, the Yongcheng Electricity Fee Pledge Agreement and the Yongcheng Share Pledge Agreement.

2. REASONS FOR AND BENEFITS OF THE YONGCHENG FINANCE LEASE AGREEMENTS

The terms of the Yongcheng Finance Lease Agreement have been agreed upon after arm's length negotiations between the relevant parties. As a developer of photovoltaic power station projects, the GNE Group requires capital from time to time to construct its solar power plants. The GNE Directors believe that the GNE Group will be able to derive additional liquidity by utilising its existing investments in its existing equipment and assets under the Yongcheng Finance Lease Agreements and benefit from the additional working capital to support its business and operational activities.

Based on the above reasons, the GNE Directors believe and consider that the terms of the Yongcheng Finance Lease Agreements are on normal commercial terms, fair and reasonable and are 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 consider that the terms of the Yongcheng Finance Lease Agreements are fair and reasonable and on normal commercial terms and are in the interests of GCL-Poly and the GCL-Poly Shareholders as a whole.

3. LISTING RULE IMPLICATIONS

GCL-Poly

As the highest applicable percentage ratio in respect of the Yongcheng Finance Lease Agreements exceeds 5% but is less than 25% for GCL-Poly, the entering into of the Yongcheng Finance Lease Agreements constitutes a discloseable transaction for GCL-Poly and is subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

GNE

As the highest applicable percentage ratio in respect of the Yongcheng Finance Lease Agreements exceeds 5% but is less than 25% for GNE, the entering into of the Yongcheng Finance Lease Agreements constitutes a discloseable transaction for GNE and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

4. INFORMATION ON THE PARTIES TO THE YONGCHENG FINANCE LEASE AGREEMENTS

Kangfu International Leasing

Kangfu International Leasing is a company incorporated in the PRC with limited liability and is principally engaged in finance leasing businesses.

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

GCL-Poly

GCL-Poly is an investment company and its subsidiaries are principally engaged in the manufacturing and sale of polysilicon and wafer 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 Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

5. DEFINITIONS

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

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| “associate” | has the same meaning ascribed to it under the Listing Rules |
| “connected persons” | has the same meaning ascribed to it under the Listing Rules |
| “GCL New Energy Holdings Yongcheng Guarantee” | the guarantee dated 27 June 2019 from GNE given to Kangfu International Leasing in respect of Yongcheng GCL New Energy's obligations under the Yongcheng Finance Lease |

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| “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) |
| “Henan GCL New Energy” | Henan GCL New Energy Investment Co., Ltd.* (河南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 |
| “HK\$” | Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC |
| “Kangfu International Leasing” | China Kangfu International Leasing Co., Ltd.* (中國康富國際租賃股份有限公司), a company incorporated in the PRC with limited liability |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “MW” | megawatt(s) |
| “PBOC” | the People’s Bank of China |
| “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 |
| “Suzhou GCL Yongcheng Guarantee” | the guarantee dated 27 June 2019 from Suzhou GCL New Energy given to Kangfu International Leasing in respect of Yongcheng GCL New Energy’s obligations under the Yongcheng Finance Lease |
| “Yongcheng Electricity Fee Pledge Agreement” | the agreement dated 27 June 2019 between Yongcheng GCL New Energy and Kangfu International Leasing, pursuant to which Yongcheng GCL New Energy has pledged to Kangfu International Leasing 100% of its right to electricity fees in relation to the Yongcheng Project |
| “Yongcheng Finance Lease” | the finance lease agreement dated 27 June 2019 entered into between Yongcheng GCL New Energy and Kangfu International Leasing in relation to the leasing of the Yongcheng Leased Assets |
| “Yongcheng Finance Lease Agreements” | the Yongcheng Finance Lease, the Suzhou GCL Yongcheng Guarantee, the GCL New Energy Holdings Yongcheng Guarantee, the Yongcheng Leased Assets Mortgage Agreement, the Yongcheng Electricity Fee Pledge Agreement and the Yongcheng Share Pledge Agreement |
| “Yongcheng Leased Assets” | certain solar modules, frames, converters, inverters, transformers, cables and other photovoltaic equipment and installations used by Yongcheng GCL New Energy for the Yongcheng Project |

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| “Yongcheng Leased Assets Mortgage Agreement” | the agreement dated 27 June 2019 between Yongcheng GCL New Energy and Kangfu International Leasing, pursuant to which Yongcheng GCL New Energy has mortgaged the Yongcheng Leased Assets to Kangfu International Leasing |
| “Yongcheng Project” | the 80MW solar power plant project located in Yongcheng County of Henan Province, the PRC |
| “Yongcheng Security Deposit” | a refundable deposit of RMB17,500,000 payable by Yongcheng GCL New Energy to Kangfu International Leasing under the Yongcheng Finance Lease |
| “Yongcheng Share Pledge Agreement” | the agreement dated 27 June 2019 between Henan GCL New Energy and Kangfu International Leasing, pursuant to which Henan GCL New Energy has pledged 100% of the equity interest in Yongcheng GCL New Energy to Kangfu International Leasing |
| “Yongcheng GCL New Energy” | Yongcheng GCL New Energy Co., Ltd* (永城鑫能光伏電力有限公司), 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, 27 June 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 GCL-Poly Directors; Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis as independent non-executive GCL-Poly Directors.

As at the date of this joint announcement, the GNE Board comprises Mr. Zhu Yufeng (Chairman), Mr. Sun Xingping and Ms. Hu Xiaoyan 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.