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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 SUBSIDIARIES

(2) POSSIBLE MAJOR TRANSACTION

GRANT OF PUT OPTION

(1) MAJOR TRANSACTION

DISPOSAL OF SUBSIDIARIES

(2) POSSIBLE MAJOR TRANSACTION

GRANT OF PUT OPTION

THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The GCL-Poly Board and the GNE Board jointly announce that on 21 January 2020 (after trading hours), (a) Suzhou GCL New Energy (as the seller), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Suzhou Share Purchase Agreements and (b) Ningxia GCL New Energy (as the seller), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Ningxia Share Purchase Agreement. Pursuant to the First Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell 60% of the Sale Shares to Huaneng No. 1 Fund and 40% of the Sale Shares to Huaneng No. 2 Fund; and (b) grant the Put Options to the Purchasers.

After the completion of the Transactions, the GNE Group and China Huaneng Group 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. GNE and China Huaneng Group are proactively promoting other phases of disposals, and plan to reach and execute more agreements in relation to disposals of solar power plants in the near future.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance and the payment of outstanding dividends from the Target Companies) is expected to be approximately RMB1,081,041,000, which GNE intends to use for repayments of its debts.

LISTING RULES IMPLICATIONS

GCL-Poly

As the Sellers, being indirect subsidiaries of GCL-Poly, entered into the Disposals with the Purchasers 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 consideration 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 Sellers, being indirect subsidiaries of GCL-Poly, entered into the Put Options with the Purchasers 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 Purchasers 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 First Phase 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, through the Sellers, being indirect subsidiaries of GNE, entered into the Disposals with the Purchasers 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 consideration 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, through the Sellers, being indirect subsidiaries of GNE, entered into the Put Options with the Purchasers 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 Purchasers 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 First Phase 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 First Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the First Phase 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 First Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the First Phase 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 21 January 2020 (after trading hours), (a) Suzhou GCL New Energy (as the seller), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Suzhou Share Purchase Agreements and (b) Ningxia GCL New Energy (as the seller), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Ningxia Share Purchase Agreement. Pursuant to the First Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell 60% of the Sale Shares to Huaneng No. 1 Fund and 40% of the Sale Shares to Huaneng No. 2 Fund; and (b) grant the Put Options to the Purchasers.

2. THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The principal terms of the First Phase Share Purchase Agreements are set out below:

Date

21 January 2020 (after trading hours)

Parties

- (i) The Sellers:
- (a) Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
 - (b) Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司)
- (ii) The Purchasers:
- (a) Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥))
 - (b) Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥))
- (iii) The Guarantor: GCL Group Limited* (協鑫集團有限公司)

Assets to be sold

The Sale Shares will be sold by the Sellers to the Purchasers, being the entire interests in each of the Target Companies.

The Target Companies own 7 operational solar power plants in the PRC with an aggregate installed capacity of approximately 294MW.

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

First Phase Share Purchase Agreements	Target Companies
I	Yuganxian GCL New Energy Co., Ltd.* (余干縣協鑫新能源有限責任公司)
II	Ningxia Jinxin Photovoltaic Power Co., Ltd.* (寧夏金信光伏電力有限公司)
III	Ningxia Lvhao Photovoltaic Power Generation Co., Ltd.* (寧夏綠昊光伏發電有限公司)
IV	Hami Orui Photovoltaic Power Generation Co., Ltd.* (哈密歐瑞光伏發電有限公司)

V	Hami Yaohui Photovoltaic Power Co., Ltd.* (哈密耀輝光伏電力有限公司)
VI	Ningxia Jinli Photovoltaic Power Co., Ltd.* (寧夏金禮光伏電力有限公司)

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

Consideration

The aggregate Consideration under the First Phase Share Purchase Agreements is RMB850,500,000.

The table below sets out the Share Price of each of the Target Companies:

First Phase Share Purchase Agreements	Share Price <i>RMB</i>
I	377,400,000
II	152,000,000
III	26,700,000
IV	16,400,000
V	117,700,000
VI	160,300,000
Total	<u>850,500,000</u>

Basis of the Consideration

The Share Price was determined after arm’s length negotiations between the Sellers and the Purchasers, taking into account of, among other things:

- (i) the net asset value of each of the Target Companies as at the Reference Date (i.e. 30 September 2019); and
- (ii) the financial performance of each of the Target Companies.

Payment arrangements of the Consideration

The aggregate Consideration under the First Phase Share Purchase Agreements shall be paid by the Purchasers to the Sellers in the following manner:

First instalment:

The Purchasers shall pay 80% of the Share Price (the “**First Instalment**”) to the Sellers within 15 Business Days after the Closing Date. The First Instalment amounts to approximately RMB680,400,000.

Huaneng No. 1 Fund shall pay 60% of the First Instalment to the Sellers, amounting to approximately RMB408,240,000 and Huaneng No. 2 Fund shall pay 40% of the First Instalment to the Sellers, amounting to approximately RMB272,160,000.

Second instalment:

The Purchasers shall pay the remaining Share Price, being 20% of the Share Price (the “**Second Instalment**”), to the Sellers within 15 Business Days after the fulfilment or waiver by the Purchasers in writing of the following conditions:

- (a) the issuance of the Closing Audit Report; and
- (b) the delivery and/or the execution of the following documents:
 - (i) the relevant documents evidencing the fulfillment of conditions (b) to (h) of the Conditions Precedent and the Seller’s confirmation of the fulfillment of conditions (i) to (j) of the Conditions Precedent (assuming none of the conditions have been waived by the Purchasers);
 - (ii) the relevant documents evidencing the completion of the Registration Procedure; and
 - (iii) other documents, materials and items specified in the First Phase Share Purchase Agreements.

The Second Instalment amounts to approximately RMB170,100,000. Huaneng No. 1 Fund shall pay 60% of the Second Instalment to the Sellers, amounting to approximately RMB102,060,000 and Huaneng No. 2 Fund shall pay 40% of the Second Instalment to the Sellers, amounting to approximately RMB68,040,000.

Total Outstanding Balance

The Total Outstanding Balance is the outstanding balance of the Total Net Receivable Amount receivable by the Target Companies from its affiliates (including the Sellers) and the Total Net Payable Amount payable by the Target Companies to its affiliates (including the Sellers). The Total Outstanding Balance as at the Reference Date was approximately RMB149,632,960.

The table below sets out the Net Receivable Amount or the Net Payable Amount (the deduction of the Total Net Payable Amount from the Total Net Receivable Amount constitutes the Total Outstanding Balance) of each of the Target Companies under each of the First Phase Share Purchase Agreements as at the Reference Date:

First Phase Share Purchase Agreements	Net Receivable Amount (Net Payable Amount) RMB
I	18,759,396
II	(33,668,651)
III	38,113,492
IV	62,921,200
V	58,440,617
VI	5,066,906
Total	149,632,960

The Total Outstanding Balance as set out in the above table was estimated based on the carrying amount of the Total Outstanding Balance of the Target Companies as at the Reference Date (on a dollar-for-dollar basis). The final Total Outstanding Balance will be determined in accordance to the Closing Audit Report (subject to adjustment), and will be calculated based on the carrying amount of the Total Outstanding Balance of the Target Companies as at the Closing Date (on a dollar-for-dollar basis), taking into account of the interests incurred on the interest-bearing Amount Payable of all of the Target Companies at the interest rate of 4.9% for the period from the Reference Date to the Closing Date. In the case that the original interest rate is less than 4.9%, the interest shall be calculated at the original interest rate.

The Purchasers agreed to procure the gradual payment of the Total Outstanding Balance and its interests by the Target Companies from the Closing Date onwards and the full payment of the Total Outstanding Balance and its interests by the Target Companies within 3 months from the Closing Date.

Other Undertakings

The Sellers and the Purchasers agreed to be subject to the following undertakings:

- (i) in the event that any of the Target Companies provides any debt guarantees to any third party prior to the Closing, the Sellers undertake to execute the relevant legal documents that are necessary to release or terminate such guarantees before the Closing. Within 6 months from the Closing Date, the Purchasers undertake to procure the Target Companies' early repayment of their liabilities owed to financial institutions in order to release the guarantees provided by the Sellers or its affiliates in respect of such liabilities;
- (ii) the Purchasers shall be entitled to set off any amount payable by the Sellers as set out in the First Phase Share Purchase Agreements (including default payment, damages, compensation and other fees) with any of amounts payable by the Purchasers or the Target Company in relation to the Transactions (including the Share Price, Total Outstanding Balance and the dividends); and
- (iii) the Target Companies will pay the outstanding dividends as at the Reference Date of approximately RMB82,907,700 to the Sellers, subject to the progress of reimbursement of the national subsidy receivable under the National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) by the PRC government.

Conditions Precedent

Closing under each of the First Phase Share Purchase Agreements is subject to the fulfilment or (if applicable) waiver of certain Conditions Precedent:

- (a) the Sellers have duly executed and delivered to the Purchasers all the transaction documents in relation to the Transactions to which they act as parties;
- (b) the Sellers have approved the Transactions;
- (c) GNE and GCL-Poly have obtained board approval and shareholders' approval in respect of the Transactions;
- (d) the Target Companies have completed replacement of its directors, supervisors, senior management and legal representative;
- (e) the equity pledges of the Target Companies have been released;
- (f) consents from the creditors of the Target Companies have been obtained for the Transactions;

- (g) consolidation of debts and liabilities of affiliated parties of the Target Companies as set out in this joint announcement and the First Phase Share Purchase Agreements has been completed;
- (h) the arrangement in respect of the personnel reorganization of the Target Companies as agreed by the Sellers and the Purchasers has been completed;
- (i) there has been no event which might render the Closing impracticable or illegal, including any event which has material adverse effect on the Target Companies; and
- (j) there has been no law, judgment, decision, prohibition or order made by relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares.

The Sellers undertake to the Purchasers that all of the Conditions Precedent shall be fulfilled or waived (as the case may be) within 60 days from the date of the First Phase Share Purchase Agreements or such other date (the “**Conditions Precedent Fulfilment Date**”) as agreed by the Sellers and the Purchasers. If any of the Conditions Precedent cannot be fulfilled or waived (as the case may be) within 90 days from the date of the First Phase Share Purchase Agreements or such other date as agreed by the Sellers and the Purchasers, the Purchasers shall be entitled to terminate the First Phase Share Purchase Agreements.

If any of the Conditions Precedent cannot be fulfilled before the Conditions Precedent Fulfilment Date, the Purchasers shall be entitled to require the Sellers to pay a default payment equivalent to 0.02% of the Share Price for each day of delay, subject to an accumulated cap of 0.5% of the Share Price. If the failure to fulfill conditions (e) and (f) above leads to such delay, the Purchasers agreed not to charge the Sellers the above-mentioned default payment.

Closing

Closing shall take place within five Business Days (or any other date as agreed by the Sellers and the Purchasers) after all of the Conditions Precedent have been fulfilled or waived (as the case may be).

The date of issuance as stated on the new business certificate of each of the Target Companies upon the completion of the Registration Procedures shall be the Closing Date for each of the transaction contemplated under each of the First Phase Share Purchase Agreements.

Closing Audit Report

Pursuant to the First Phase Share Purchase Agreements, the Sellers and the Purchasers shall engage an auditing agency to audit the financial condition of the Target Companies for the period from the Reference Date (i.e. 30 September 2019) to the Closing Date and prepare the Closing Audit Report within 30 days after the Closing Date.

Guarantee

Pursuant to the First Phase Share Purchase Agreements, the Guarantor agreed to provide a guarantee to secure the due performance by the Sellers of its obligations under the First Phase Share Purchase Agreements.

Grant of Put Options

(a) Repurchase of the Target Companies

Within five years from the Closing Date, the Sellers shall be required to repurchase the Sale Shares and any unpaid shareholders' loan advanced to the Target Companies by the Purchasers in accordance with the First Phase Share Purchase Agreements (the "**Repurchase**") upon the exercise of the Put Options by the Purchasers, upon the occurrence of certain events which cause the suspension of the operation of the solar power plants of the Target Companies and the operation failing to resume within 6 months, the Target Companies being unable to receive the national subsidy from the PRC government within a specified timeframe and other specified repurchase events.

(b) Repurchase price

The repurchase price for the Target Companies (the "**Repurchase Price**") shall be calculated in the following manner (whichever is higher):

- (a) the amount equivalent to the valuation of the shareholders' rights and interests of the Target Companies as stated under the repurchase valuation report to be filed to the relevant PRC state assets regulatory authorities; or
- (b) the amount equivalent to the aggregation of (i) the Share Price paid by the Purchasers and subsequent capital contribution to the Target Companies by the Purchasers (excluding the shareholders' loan to the Target Companies by the Purchasers), plus (ii) the expected investment income of the Purchasers, less (iii) any dividend of the Target Companies actually paid to the Purchasers after the Closing Date, less (iv) any amount paid by the Sellers prior to the Repurchase to the Purchasers.

3. INFORMATION ON THE PARTIES TO THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The GCL-Poly Group

GCL-Poly is an exempted company with limited liability incorporated in the Cayman Islands. The principal business of GCL-Poly is investment holding.

The GCL-Poly Group is principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, 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

GNE is incorporated in Bermuda as exempted company with limited liability. The principal business of GNE is investment holding.

The GNE Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the date of this announcement, GNE is owned as to approximately 62.28% by GCL-Poly.

Ningxia GCL New Energy

Ningxia GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly. Ningxia GCL New Energy indirectly owns the solar power plant project of Ningxia Jinli.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly. Suzhou GCL New Energy owns a majority of solar power plants of GNE in the PRC.

4. INFORMATION ON THE PURCHASERS

Huaneng No. 1 Fund

Huaneng No. 1 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 1 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which

principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 1 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 1 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

Huaneng No. 2 Fund

Huaneng No. 2 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 2 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 2 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 2 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, respectively, with the respective stock codes being 601398 and 1398).

To the best of the GCL-Poly Directors and the GNE Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchasers, the general partners and the limited partners of the Purchasers and their ultimate beneficial owners are third parties independent of GCL-Poly and GNE and their connected persons.

5. INFORMATION ON THE TARGET COMPANIES

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

First Phase Share Purchase Agreements	Information on the Target Companies
I	Yuganxian is a company incorporated in the PRC with limited liability and is principally engaged in the construction, operation and providing technical advisory services of photovoltaic projects in the PRC. Yuganxian is an indirect subsidiary of GNE and GCL-Poly.
II	Ningxia Jinxin is a company incorporated in the PRC with limited liability and is principally engaged in the development and providing technical advisory services of photovoltaic projects in the PRC. Ningxia Jinxin is an indirect subsidiary of GNE and GCL-Poly.
III	Ningxia Lvhao is a company incorporated in the PRC with limited liability and is principally engaged in the development, construction and operation of photovoltaic projects in the PRC. Ningxia Lvhao is an indirect subsidiary of GNE and GCL-Poly.
IV	Hami Orui is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects in the PRC. Hami Orui is an indirect subsidiary of GNE and GCL-Poly.
V	Hami Yaohui is a company incorporated in the PRC with limited liability and is principally engaged in the investment, construction and providing technical advisory services of photovoltaic projects in the PRC. Hami Yaohui is an indirect subsidiary of GNE and GCL-Poly.

VI

Ningxia Jinli is a company incorporated in the PRC with limited liability and is principally engaged in the development and providing technical advisory services of photovoltaic projects in the PRC. Ningxia Jinli is an indirect subsidiary of GNE and GCL-Poly.

Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2017 and 31 December 2018 and the unaudited management accounts for the nine months ended 30 September 2019 of the Target Companies prepared in accordance with China Accounting Standards:

		Nine months ended 30 September 2019		Year ended 31 December 2018		Year ended 31 December 2017	
First Phase							
Share Purchase	Target	Profit before	Profit after	Profit before	Profit after	Profit before	Profit after
Agreements	Companies	taxation	taxation	taxation	taxation	taxation	taxation
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
I	Yugaxian	39,351	34,432	76,626	76,626	50,235	50,235
II	Ningxia Jinxin	15,574	14,406	17,266	15,889	12,188	12,188
III	Ningxia Lvhao	5,326	4,926	4,025	4,025	4,631	4,631
IV	Hami Orui	5,274	4,878	2,827	2,826	1,046	1,046
V	Hami Yaohui	14,386	13,550	11,201	10,749	13,287	13,287
VI	Ningxia Jinli	16,094	14,887	15,600	14,390	10,023	10,023

As at 30 September 2019, the aggregate net assets of the Target Companies amounted to approximately RMB925,076,000.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

After the Closing Date, the Target 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 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.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance and the payment of outstanding dividends from the Target Companies) is expected to be approximately RMB1,081,041,000, which GNE intends to use for repayments of its debts.

8. 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 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 RMB2,664,679,000. Meanwhile, the cash derived from the Transactions amounted to approximately RMB1,081,041,000, which will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 1%, calculated with reference to the unaudited financial statements of the GNE Group as at 30 June 2019, effectively reducing the financial risks.

After the completion of the Transactions, the GNE Group and China Huaneng Group 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. GNE and China Huaneng Group are proactively promoting other phases of disposals, and plan to reach and execute more agreements in relation to disposals of solar power plants in the near future.

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 First Phase 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 First Phase Share Purchase Agreements is in the interests of GCL-Poly and GCL-Poly Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

GCL-Poly

As the Sellers, being indirect subsidiaries of GCL-Poly, entered into the Disposals with the Purchasers 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 consideration 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 Sellers, being indirect subsidiaries of GCL-Poly, entered into the Put Options with the Purchasers 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 Purchasers 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 First Phase 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, through the Sellers, being indirect subsidiaries of GNE, entered into the Disposals with the Purchasers 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 consideration 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, through the Sellers, being indirect subsidiaries of GNE, entered into the Put Options with the Purchasers 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 Purchasers 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 First Phase 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.

10. 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 First Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the First Phase 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 First Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the First Phase 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.

11. DEFINITIONS

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

“Amount Payable”	the amount payable as set out in the First Phase Share Purchase Agreements by each of the Target Companies to its affiliates (including the Sellers)
“Amount Receivable”	the amount receivable as set out in the First Phase Share Purchase Agreements by each of the Target Companies from its affiliates (including the Sellers)
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“China Huaneng Group”	China Huaneng Group Co., Ltd.* (中國華能集團有限公司), a state-owned enterprise incorporated in the PRC with limited liability and one of the limited partners of the Purchasers
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company(ies) upon the completion of the Registration Procedures

“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Sellers and the Purchasers to audit the financial status of the Target Companies in the period from the Reference Date to the Closing Date in accordance with the First Phase Share Purchase Agreements
“Conditions Precedent”	the conditions under the section “Conditions Precedent” in this joint announcement
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the transactions contemplated under the First Phase Share Purchase Agreements, being the aggregate of the Share Price
“Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchasers as contemplated under the First Phase 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 First Phase 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 First Phase Share Purchase Agreements
“GNE Shareholders”	the shareholders of GNE
“Guarantor”	GCL Group Limited* (協鑫集團有限公司), a company established in the PRC and is indirectly held under a discretionary trust under which Mr. Zhu Gongshan (an executive director and chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, an executive director of GCL-Poly and GNE and the son of Mr. Zhu Gongshan) are beneficiaries
“Hami Orui”	Hami Orui Photovoltaic Power Generation Co., Ltd. (哈密歐瑞光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and GCL-Poly
“Hami Yaohui”	Hami Yaohui Photovoltaic Power Co., Ltd.* (哈密耀輝光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and GCL-Poly
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huaneng No. 1 Fund”	Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Huaneng No. 2 Fund”	Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Net Payable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is more than the Amount Receivable of each of the Target Companies
“Net Receivable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is less than the Amount Receivable of each of the Target Companies
“Ningxia GCL New Energy”	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏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
“Ningxia Jinli”	Ningxia Jinli Photovoltaic Power Co., Ltd.* (寧夏金禮光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Ningxia GCL New Energy and an indirect subsidiary of GNE and GCL-Poly
“Ningxia Jinxin”	Ningxia Jinxin Photovoltaic Power Co., Ltd.* (寧夏金信光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and GCL-Poly
“Ningxia Lvhao”	Ningxia Lvhao Photovoltaic Power Generation Co., Ltd.* (寧夏綠昊光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and GCL-Poly
“Ningxia Share Purchase Agreement”	an equity transfer agreement dated 21 January 2020 entered into between Ningxia GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Ningxia Jinli

“PRC”	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
“Purchasers”	Huaneng No. 1 Fund and Huaneng No. 2 Fund
“Put Options”	the put options granted to the Purchasers under the Share Purchase Agreement, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events, request the Sellers to repurchase (a) the Sale Shares; and (b) the relevant unpaid shareholders’ loan at the time
“Reference Date”	30 September 2019
“Registration Procedures”	the registration procedures in respect of the change of shareholder of the Target Company and other relevant filing procedures in respect of the Transactions in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire equity interest in the Target Companies held by the Sellers
“Sellers”	Ningxia GCL New Energy and Suzhou GCL New Energy
“Share Price”	the consideration for the Sale Shares
“First Phase Share Purchase Agreements”	the Suzhou Share Purchase Agreements and the Ningxia Share Purchase Agreement
“Total Outstanding Balance”	the outstanding balance of the Total Net Receivable Amount and the Total Net Payable Amount, which is equivalent to the amount after the deduction of the Total Net Payable Amount from the Total Net Receivable Amount
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules

“Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly
“Suzhou Share Purchase Agreements”	a series of five equity transfer agreements dated 21 January 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in the Suzhou Target Companies
“Suzhou Target Companies”	Yuganxian, Ningxia Jinxin, Ningxia Lvhao, Hami Orui and Hami Yaohui
“Target Companies”	Ningxia Jinli and the Suzhou Target Companies
“Target Company(ies)”	the six 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
“Total Net Payable Amount”	the Net Payable Amount of all of the Target Companies
“Total Net Receivable Amount”	the Net Receivable Amount of all of the Target Companies
“Transactions”	the transactions contemplated under the First Phase Share Purchase Agreements, including the Disposals and the grant of Put Options
“Yuganxian”	Yuganxian GCL New Energy Co., Ltd.* (余干縣協鑫新能源有限責任公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and GCL-Poly

“%”

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, 21 January 2020

As at the date of this joint announcement, the GCL-Poly Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Zhanjun, Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Mr. Jiang Wenwu and Mr. Zheng Xiongjiu as executive directors of GCL-Poly; Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis as independent non-executive directors of GCL-Poly.

As at the date of this joint announcement, the GNE Board comprises Mr. Zhu Yufeng (Chairman), Mr. Mo Jicai and Ms. Hu Xiaoyan as executive directors of GNE; Ms. Sun Wei, Mr. 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.